



County Durham and Darlington  
**Fire and Rescue Authority**

**Statement of Accounts**  
for the year ended 31<sup>st</sup> March 2024



## **CONTENTS**

	<b>Page</b>
Narrative Report	2
Independent Auditor's Report	12
Statement of Responsibilities for the Statement of Accounts	16
Group Accounts	17
Movement in Reserves Statement	23
Comprehensive Income and Expenditure Statement	25
Balance Sheet	26
Cash Flow Statement	27
Notes to Core Financial Statements	28
Pension Fund Accounts	90
Glossary of Terms Used in the Accounts	92

## TABLE OF NOTES & PAGE NUMBERS

<b>Note</b>		<b>Page</b>
<b>1</b>	<b>Accounting policies</b>	<b>28</b>
1.1	General principles	28
1.2	Accruals of income and expenditure	29
1.3	Cash and cash equivalents	29
1.4	Prior period adjustments, changes in accounting policies and estimates and errors	30
1.5	Charges to revenue for non-current assets	30
1.6	Employee benefits	30
1.7	Events after the balance sheet date	32
1.8	Financial instruments	33
1.9	Government grants and contributions	34
1.10	Property, plant and equipment	34
1.11	Donated assets	37
1.12	Intangible assets	38
1.13	Basis of valuation of inventories	38
1.14	Accounting for leases – authority as lessee	38
1.15	Overheads and support services	38
1.16	Private Financing Initiative (PFI)	38
1.17	Provisions, contingent liabilities and contingent assets	39
1.18	Reserves	40
1.19	Revenue expenditure funded from capital under statute (REFCUS)	40
1.20	VAT	40
1.21	Group accounts	40
1.22	Council tax income	40
<b>2</b>	<b>Accounting standards that have been issued but have not yet been adopted</b>	<b>41</b>
<b>3</b>	<b>Critical judgements in applying accounting policies</b>	<b>41</b>
<b>4</b>	<b>Assumptions made about the future and other major sources of estimation uncertainty</b>	<b>41</b>
4.1	Property, plant and equipment	42
4.2	Pension liability	42
<b>5</b>	<b>Expenditure and Funding Analysis</b>	<b>43</b>
5.1	Expenditure and Funding Analysis	43
5.2	Note to Expenditure and Funding Analysis	43
<b>6</b>	<b>Movement in Reserves Statement</b>	<b>46</b>
6.1	Adjustments between accounting basis and funding basis under regulations	46
<b>7</b>	<b>Comprehensive Income and Expenditure Statement</b>	<b>47</b>
7.1	Non distributed costs	47
7.2	Gain / Loss on the disposal of property, plant and equipment	47

<b>Note</b>		<b>Page</b>
7.3	Members' allowances	48
7.4	Employee remuneration	48
7.5	Exit packages	49
7.6	Termination benefits	50
7.7	External audit fees	50
7.8	Minimum revenue provision (MRP)	50
7.9	Operating leases	50
7.10	Amounts reported for resource allocation decisions	51
7.11	Grant income	51
7.12	Related parties	51
7.13	Community Interest Company	53
7.14	Vital Fire Solutions Limited	54
<b>8</b>	<b>Balance Sheet</b>	<b>54</b>
8.1	Intangible Assets	54
8.2	Operational Assets	55
8.3	Non-operational Assets	57
8.4	Sources of funds to meet capital expenditure and other plans	57
8.5	Capital expenditure and capital financing	57
8.6	Capital commitments	58
8.7	Information on assets held	58
8.8	Assets held for sale	59
8.9	Inventories	59
8.10	Debtors	59
8.11	Cash and cash equivalents	60
8.12	Creditors	60
8.13	Financial instruments	60
8.14	Provisions	63
8.15	Deferred liabilities	64
8.16	Private financing initiative (PFI) scheme	65
8.17	International accounting standard 19 (IAS19) defined benefit pension schemes	66
8.18	Reserves	80
8.19	Movement in earmarked reserves	82
8.20	Earmarked reserves	82
8.21	Unusable reserves	83
8.22	General reserve	86
8.23	Contingent assets and contingent liabilities	86
8.24	Authorisation of accounts for issue/post balance sheet events	87
<b>9</b>	<b>Cash Flow Statement</b>	<b>87</b>
9.1	Adjustments to net surplus or deficit on the provision of services for non-cash movements	87
9.2	Operating activities	88
9.3	Investing activities	88
9.4	Financing activities	88
9.5	Reconciliation of Liabilities Arising from Financing Activities	89
9.6	Net increase in cash and cash equivalents	89



# **NARRATIVE REPORT**

---

---

## **1. Message from Anthony Hope CPFA – Treasurer to County Durham and Darlington Fire and Rescue Authority.**

County Durham and Darlington Fire and Rescue Authority remains committed to protecting front line services to the public.

This document (the “Statement of Accounts”) presents the published accounts for County Durham and Darlington Fire and Rescue Authority (referred to as the “Authority” throughout this document) for the year ended 31<sup>st</sup> March 2024.

It is my intention to provide the readers of these accounts with information about the money that the Authority has received and spent during the financial year, that it has been accounted for properly, that the financial standing of the Authority continues to be secure and that the service delivered by the Authority continues to always meet the principles of value for money.

The presentation of the accounts has been designed to assist readers in understanding and interpreting the financial statements, which follow accounting standards and are, by their nature, complex in some areas.

I would like to take this opportunity to thank officers of the Fire and Rescue Authority, Durham County Council and Darlington Borough Council, who have co-operated to produce this Statement of Accounts.

I hope that this document proves to be both informative and of interest to readers. The Authority is keen to improve both the quality and suitability of the information provided, so your feedback would be welcome. If you have any suggestions or comments on either the format of the report or its contents, or if you would like any further information, please contact my office:

Telephone	0191 375 5554
E-mail	PA@ddfir.gov.uk
Write to:	The Treasurer County Durham and Darlington Fire and Rescue Authority Fire and Rescue Service Headquarters Belmont Business Park Durham DH1 1TW

**Anthony Hope CPFA  
Treasurer to County Durham and Darlington Fire and Rescue Authority**

## **2. Introduction**

The purpose of the Statement of Accounts is to give electors, those subject to locally levied taxes and charges, members of the Authority, employees, and other interested parties clear information about the finances of the Authority. It is important in demonstrating the stewardship of public money and shows the resources available and how they have been used to deliver services.

The purpose of this Narrative Report is to provide a clear guide to the most significant matters reported in the accounts. It explains the purpose of the financial statements that follow and provides a summary of the Authority’s financial activities during 2023/24 and its

# **NARRATIVE REPORT**

---

financial position at 31 March 2024. This report focuses on the matters that are of relevance to the principal users of the accounts. In addition to complementing and supplementing the information provided in the accounts, it also provides a forward look at the issues that have affected the development, performance, and position of the Authority during the financial year, which are likely to have an impact in the future.

The Narrative Report includes:

1. Message from the Treasurer
2. Introduction
3. Background to County Durham and Darlington Fire and Rescue Authority
4. Financial Performance 2023/24
5. Non-Financial Performance 2023/24
6. Operating Environment and Future Plans
7. Going Concern
8. Statement of Accounts

### **3. Background to County Durham and Darlington Fire and Rescue Authority**

The Authority was established as a separate corporate body covering the County of Durham and Darlington Borough under the provisions of the Durham Fire Services (Combination Scheme) Order 1996. The Authority comprises members appointed by Durham County Council and Darlington Borough Council. With effect from 1 April 2004, the Fire and Rescue Authority became a precepting authority as defined under the Local Government Finance Act 1992.

### **4. Financial Performance 2023/24**

#### ***Review of the Financial Year***

The Authority's spending is planned and controlled by a rigorous budget and financial management process. The Authority received resources direct from the Government in the form of Revenue Support Grant and Non-Domestic Rates, with the balance of funding coming from precepts on billing authorities for amounts chargeable to local taxpayers. During 2023/24, the Authority's net revenue expenditure, which was met from the above sources, was £31.933m, while spending on capital projects totalled £2.116.

The Authority's general reserve balance, which represents the sum set aside to meet unforeseen future circumstances, was £1.773m at 31 March 2024. This equates to 5% of the 2024/25 net expenditure budget and is in line with the Authority's policy on reserves to maintain a general reserve of 5% of net expenditure.

Financial performance against the approved budget is reported to elected members on a quarterly basis throughout the year. Further information on the Authority's financial performance is available on our website: [www.ddfire.gov.uk](http://www.ddfire.gov.uk).



# NARRATIVE REPORT

---

## Revenue Income and Expenditure

The estimated net revenue expenditure for 2023/24, to be met from Government Grants and local taxpayers, was approved at £32.101m.

The following table summarises the actual revenue financial position for the year in comparison with the budget:

Budget Heading	Original Budget £000	Actual £000	Variance £000	Variance %
<b>Expenditure</b>				
Employees	27,864	27,199	-665	-2.39
Premises	3,293	3,626	333	10.10
Transport	790	657	-133	-16.78
Supplies & Services	4,611	4,289	-322	-6.98
Contingencies	500	-	-500	-100.00
Capital Financing	1,721	3,063	1,342	77.98
Provisions & write-offs	-	-9	-9	-100.00
Transfers to Reserves	-	378	378	100.00
<b>Total Expenditure</b>	<b>38,779</b>	<b>39,203</b>	<b>424</b>	<b>1.09</b>
<b>Income</b>				
Government Grants	-5,263	-5,249	14	-0.27
Other Income	-801	-1,973	-1,172	146.32
Transfers from Earmarked Reserves	-614	-48	566	-92.18
<b>Total Income</b>	<b>-6,678</b>	<b>-7,270</b>	<b>-592</b>	<b>8.86</b>
<b>Net Expenditure</b>	<b>32,101</b>	<b>31,933</b>	<b>-168</b>	<b>-0.52</b>
Taxation and Non-Specific Grants Income	-32,101	-32,101	-	-
<b>Outturn</b>	<b>-</b>	<b>-168</b>	<b>-168</b>	

## NARRATIVE REPORT

An explanation of the major variances is provided in the table below:

	Over spend / Under spend (-) £m	Over spend / Under spend (-) %	Explanation for major variances
Employees	-665	-2.39	To assist in balancing the budget in future years, members agreed to consult the public on the option of riding with a crew of 4 on all fire appliances. The change to riding with 4 was implemented from 01 July 2023 saving £608,000 in staffing costs in the current financial year. Further savings were also achieved from vacant corporate staff posts and a number of firefighter retirements during the year.
Premises	333	10.10	Expenditure on repairs and maintenance exceeded the budget due to the need to carry out essential repairs. Expenditure on electricity exceeded the budget mainly due to inflation. This was partially offset by savings in business rates which were realised following a rating review of all premises
Transport	-133	-16.78	Expenditure on vehicle running costs was below budget mainly due to a reduction in the cost of fuel
Supplies & Services	-322	-6.98	To assist in balancing the budget a full review of all budget headings was undertaken to identify savings and correct any shortfalls in current budgets. The review identified net savings across a number of budget heads which together with strict control of non-essential expenditure resulted in an underspend of £322,000.
Contingencies	-500	-100.00	The contingencies budget includes an allowance for inflation and pay awards which has helped offset the increased costs within other headings
Capital Financing	1,342	77.98	A contribution was made from revenue to finance capital expenditure which was not anticipated in the original budget.
Provisions & write-offs	-9	-100.00	Release of insurance provision in excess of requirement following the settlement of claims.
Transfers to Reserves	378	100.00	Unspent contributions and grant received during the year have been transferred to earmarked reserves to fund future activity.
Government Grants	14	-0.27	Additional grant income was received, which was not included in the original budget.
Other Income	-1,172	146.32	The increase in other income was due to work carried out for third parties, the contribution to the service from Vital Fire Solutions for work carried out by service employees, additional investment income and additional income from training.
Contributions from Reserves	566	-92.18	The original budget included transfers from reserves which were not required due to savings achieved during the year.
Taxation and Non-Specific Grants Income	-	-	Funding received was as expected in the original budget.
<b>Total</b>	<b>-168</b>		

# NARRATIVE REPORT

---

## Capital Expenditure

The Authority approved a capital programme for 2023/24 of £3.708m. The actual capital expenditure for the year was £2.116m; £1.592m less than the original budget. The following table analyses the expenditure:

Project	Original Budget £m	Actual £m	Variance £m
Vehicles, Plant & Equipment	3.027	1.315	-1.712
Land & Buildings	0.681	0.801	0.120
<b>Total Expenditure</b>	<b>3.708</b>	<b>2.116</b>	<b>1.592</b>

The variances are set out in the table below:

	Over spend / Under spend (-) £m	Over spend / Under spend (-) %	Explanation for major variances
Vehicles, Plant & Equipment	-1.712	-56.56	The underspend was due to changes to the planned timing of the replacement of some items of vehicles, plant and equipment.
Land & Buildings	0.120	17.62	Additional minor improvements to premises were carried out during the year which were not included in the original budget, including invest to save solar PV installations.
<b>Total</b>	<b>-1.592</b>	<b>-42.93</b>	

Capital expenditure was financed by revenue contributions and capital receipts.

The Authority's Capital Financing Requirement was £11.750m at 31 March 2024. Further details are set out in Note 8.5 to the accounts.

## Future Capital Commitments

The capital programme includes provision for improvements to premises and ICT, vehicles, plant and operational equipment will continue to be renewed in accordance with agreed replacement programmes.

## Current Borrowing Facilities and Capital Borrowing Provision

The Budget Report, incorporating Prudential Indicators and the Treasury Management Strategy, submitted to the Authority meeting on 15 February 2023, detailed the 2023/24 borrowing limits for the Authority.

The specific borrowing limits, set under the requirements of the Prudential Code, were as follows:

- Authorised Limit for External Debt for 2023/24 of £15.976m
- Operational Boundary for External Debt for 2023/24 of £14.523m

# **NARRATIVE REPORT**

---

## ***Pension Liability***

The Authority's accounts are compliant with International Accounting Standard 19 (IAS19) which is based on the principle that an organisation should account for retirement benefits when it is committed to giving them, even if the actual payment of those benefits will be many years into the future.

The net overall impact of IAS19 accounting entries is neutral in the accounts. However, the overall financial position is in effect being distorted by future years' pension deficits. The fact that all pension costs would never be incurred in one year (as implied by IAS19) means the Balance Sheet Net Worth is effectively being distorted by this reporting standard. If this element is removed, then the Authority has a "real" net worth of £40.756m. The Authority also has assets worth £56.538m and cash backed reserves of £6.005m, which support the view that the Authority's Balance Sheet and finance are in fact healthier than implied by the published accounts.

Further details of the impact of IAS19 are set out in note 8.17 to the accounts.

## **5. Non- Financial Performance 2023/24**

Performance is monitored by management on an on-going basis and considered in detail by elected members at the end of each quarter. A comprehensive suite of performance indicators (PI's) is used to measure both operational and corporate performance and targets are set with the aim of achieving continuous improvement. During 2023/24, 54% of the strategic PI's met or exceeded their target level and 70% either maintained or improved when compared to the previous year's performance.

Information on current performance is reported to the Fire Authority on a quarterly basis and further information is available on our website: [www.ddfire.gov.uk](http://www.ddfire.gov.uk).

## **6. Operating Environment and Future Plans**

Looking ahead, the Authority's revenue expenditure for 2024/25 is estimated at £35.450m, together with a capital programme of £2.913m.

As there is a great deal of uncertainty surrounding the level of inflation, pay awards and funding going forward, four alternative medium-term financial plan scenarios have been modelled to reflect the impact of changes to assumptions on the Authority's financial position. The Authority has set a balanced budget for the forthcoming financial year (2024/25) and the medium-term financial plan indicates a balanced budget for 2026/27 with a deficit of £0.8m in 2026/27 falling to £0.4m in 2027/28. There is therefore still a need to identify further savings during the period 2026/27 to 2027/28 and work is ongoing through the Emergency Response Review to identify further savings options to assist in balancing the budget in future years.

The main priority of the Authority continues to be the protection of front-line services to the public. Over the medium term, this needs to be balanced with the need for the Authority to reduce expenditure.

County Durham and Darlington Fire and Rescue Service has an excellent track record of collaboration and has in the past secured government funding to progress several innovative collaboration projects. This included funding for the building of a new quad station at Barnard

# **NARRATIVE REPORT**

---

Castle which provides a joint facility for the Fire, Police, Ambulance and Mountain Rescue Services.

Going forward, the service will continue to work collaboratively with partners to secure further efficiencies to assist in protecting front line service provision.

## **7. Going Concern**

Each year, the Authority assesses whether it should be considered a “Going Concern”, and whether the accounts should be prepared on that basis. This assessment covers the period of at least 12 months from the date of authorisation of approval of accounts.

The Code requires that a local authority’s Statement of Accounts is prepared on a Going Concern basis; that is the accounts should be prepared on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

In assessing its ability to continue as a Going Concern, an organisation must consider its financial performance. This should consider factors relating to historical, current and future performance.

The future plans of the Authority are set out in Section 6 and demonstrate that:

- the Authority has set a balanced budget for 2024/25 and has a plan in place to continue to deliver local services until at least 2025. On this basis, it is apparent that the Authority remains a Going Concern.
- the Authority has demonstrated robust financial management through the level of reserves it holds. This underpins its Going Concern status.
- throughout the process for the Medium-Term Financial Plan, no risks were identified which would indicate that the Authority cannot continue as a Going Concern.

Based on the assessment undertaken and reported to those charged with governance of the Authority:

- the Authority has a history of financial stability and ready access to financial resources in the future.
- there are no significant financial, operating, or other risks that would threaten the continuing operation of the Authority.

On this basis, the Authority is a Going Concern, and it is appropriate for the Statement of Accounts to be prepared on that basis.

## **8. Statement of Accounts**

The Statement of Accounts for the financial year 2023/24 is prepared in accordance with the Code of Practice on Local Authority Accounting in the UK (the Code) 2023/24.

The Code is based on International Financial Reporting Standards (IFRS) and has been developed by the CIPFA/ LASAAC Code Board which is overseen by the Financial Reporting Advisory Board.

The Code is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting

# **NARRATIVE REPORT**

---

Interpretations Committee, except where these are inconsistent with specific statutory requirements. The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and the UK Accounting Standards Board where these provide additional guidance. The Code has been prepared based on accounting standards and interpretations in effect for accounting periods commencing on or before 1 January 2023. This is with the exception of IFRS 16 Leases, which has been deferred to the 2024/25 Code.

This edition of the Code applies for accounting periods commencing on or after 1 April 2023. It supersedes the edition published on 1<sup>st</sup> April 2022 (the 2022/23 Code).

The overriding requirement of the Code remains that the Statement of Accounts gives a 'true and fair' view of the financial position and transactions of the Authority.

The Statement of Accounts for the year ended 31 March 2024 include the following:

- **Independent Auditor's Report**

The report of the independent, external auditor on the Fire Authority's Statement of Accounts.

- **Statement of Responsibilities for the Statement of Accounts**

This sets out the responsibilities of the Authority and the Treasurer and includes the Treasurer's certificate.

- **Group Accounts**

The Group Financial Statements consolidate the performance and balances that relate to the Authority's subsidiary companies (County Durham and Darlington Fire and Rescue Community Interest Company and Vital Fire Solutions Limited) into the Authority's Statements. This allows the full picture of the Group activities to be presented.

- **Movement in Reserves Statement**

This statement shows the movement in the year on the various reserves held by the Authority. This is analysed into "usable reserves" (those that can be applied to fund expenditure or reduce local taxation) and "unusable reserves". The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing services; more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund for the purposes of council tax setting. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund balance before any discretionary transfers to or from Earmarked Reserves are made.

- **Comprehensive Income and Expenditure Statement**

This discloses the income receivable and expenditure incurred in operating the Authority for the year. This is the accounting cost of providing services in accordance with accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with

## NARRATIVE REPORT

---

regulations, which may be different from the accounting cost. The taxation position is reflected in the Movement in Reserves Statement.

- **Balance Sheet**

This shows the financial position of the Authority at the year end. The net assets of the Authority (assets less liabilities) are matched by the Reserves held. Reserves are reported under two categories:

*Usable Reserves* - those reserves which may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt).

*Unusable Reserves* – those reserves which cannot be used to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold. It also includes reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis under regulations”.

- **Cash Flow Statement**

This summarises the inflows and outflows of cash arising from the transactions with other parties for revenue and capital purposes. It shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded from taxation and grant income or from the receipts from services provided. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the future service delivery of the Authority. Cash flows arising from financing activities are useful in predicting claims on the future cash flows by providers of capital (i.e., borrowing) to the Authority.

- **Notes to the Accounts**

The notes to the accounts are fundamentally important in the presentation of a true and fair view. They aim to assist understanding and have three significant roles:

- presenting information about the basis of preparation of the financial statements and the specific accounting policies used.
- disclosing information required by the Code that is not presented elsewhere in the financial statements.
- providing information that is not provided elsewhere in the financial statements but is relevant to the understanding of them. This applies to information that is material in a qualitative rather than quantitative sense (for example transactions with Related Parties).

## **NARRATIVE REPORT**

---

- **Pension Fund Account**

This sets out the financial position of the Fire Pension Fund at the year end and the expenditure and income throughout the financial year. Notes providing additional information follow the accounts.

- **Glossary of Terms**

A glossary of financial terms is provided to assist the reader's understanding.

**If you require this information summarised in other languages or formats, contact 0191 375 5554.**

Jeśli potrzebujesz podsumowania tej informacji w języku polskim, skontaktuj się z nami 0191 375 5554.

إذا كنت بحاجة إلى تلخيص هذه المعلومات باللغة العربية، يرجى الاتصال 0191 375 5554

如果您需要用中文总结此信息，请联系 0191 375 5554.

আপনার যদি বাংলায় সংক্ষিপ্ত এই তথ্যের প্রয়োজন হয়, 0191 375 5554 নম্বরে যোগাযোগ করুন।

यदि आपको यह जानकारी संक्षेप में हिंदी में चाहिए तो कृपया संपर्क करें 0191 375 5554.



**INDEPENDENT AUDITOR'S REPORT**

---

*THIS PAGE IS INTENTIONALLY BLANK.*

**INDEPENDENT AUDITOR'S REPORT**

---

*THIS PAGE IS INTENTIONALLY BLANK.*

**INDEPENDENT AUDITOR'S REPORT**

---

*THIS PAGE IS INTENTIONALLY BLANK.*

***INDEPENDENT AUDITOR'S REPORT***

---

*THIS PAGE IS INTENTIONALLY BLANK.*

# **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

---

## **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

### **The Authority's Responsibilities**

The Authority is required to:

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

### **The Treasurer's Responsibilities**

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in UK 2023/24.

In preparing this Statement of Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code.

The Treasurer has also:

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

### **Treasurer's Certificate**

I certify that these accounts present a true and fair view of the financial position of the Authority as at 31 March 2024 and its income and expenditure for the year ended 31 March 2024.



**Anthony Hope CPFA**

**Treasurer to County Durham and Darlington Fire and Rescue Authority**

**Date 31/05/2024**

## **GROUP ACCOUNTS**

---

### **INTRODUCTION**

County Durham and Darlington Fire and Rescue Community Interest Company was incorporated in 2013/14 and commenced trading during 2014/15.

Vital Fire Solutions Limited was incorporated in 2015/16, and the Authority purchased £15,000 of share capital.

County Durham and Darlington Fire and Rescue Service Community Interest Company and Vital Fire Solutions Limited are both 100% owned subsidiaries of County Durham and Darlington Fire and Rescue Authority. The Directors of both companies are also senior managers and members of the Authority. The Authority does not have any associates.

The Group Financial Statements consolidate the performance and balances that relate to the two companies into the statements of County Durham and Darlington Fire and Rescue Authority, which allows the full picture of the activities of the group to be presented.

The Group Financial Statements include:

- Group Movement in Reserves Statement
- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Cash Flow Statement

The group financial statements are presented in accordance with International Financial Reporting Standards (IFRS). The financial statements of both companies are presented under FRS102; their accounts have been restated to comply with IFRS.

# GROUP ACCOUNTS

## GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the Authority's single entity usable and unusable reserves, and the Authority's share of the Group Reserves.

	(a) General Fund Balance £000	(b) Earmarked Reserves £000	(c) Capital Receipts Unapplied £000	(d) Total Usable Reserves £000	(e) Unusable Reserves £000	(f) Total Authority Reserves £000	(g) Authority's Share of Subsidiary Reserves £000	Total Group Reserves £000
<b>Balance at 31 March 2022</b>	<b>1,510</b>	<b>4,240</b>	-	<b>5,750</b>	<b>-409,465</b>	<b>-403,715</b>	<b>-1</b>	<b>-403,716</b>
<b>Movement in reserves 2022/23</b>								
Surplus/Deficit (-) on provision of services	-14,798	-	-	-14,798	-	-14,798	-3	-14,801
Other Comprehensive Expenditure and Income	-	-	-	-	139,906	139,906	-	139,906
<b>Total Comprehensive Expenditure and Income</b>	<b>-14,798</b>	<b>-</b>	<b>-</b>	<b>-14,798</b>	<b>139,906</b>	<b>125,108</b>	<b>-3</b>	<b>125,105</b>
Adjustments between accounting basis and funding under regulations	14,555	-	-	14,555	-14,555	-	-	-
<b>Net Increase/Decrease (-) before Transfers to Earmarked Reserves</b>	<b>-243</b>	<b>-</b>	<b>-</b>	<b>-243</b>	<b>125,351</b>	<b>125,108</b>	<b>-3</b>	<b>125,105</b>
Transfers to (-) / from Earmarked Reserves	338	-338	-	-	-	-	-	-
<b>Increase/Decrease (-) in year</b>	<b>95</b>	<b>-338</b>	<b>-</b>	<b>-243</b>	<b>125,351</b>	<b>125,108</b>	<b>-3</b>	<b>125,105</b>
<b>Balance at 31 March 2023</b>	<b>1,605</b>	<b>3,902</b>	<b>-</b>	<b>5,507</b>	<b>-284,114</b>	<b>-278,607</b>	<b>-4</b>	<b>-278,611</b>
<b>Movement in reserves 2023/24</b>								
Surplus/Deficit (-) on provision of services	-10,449	-	-	-10,449	-	-10,449	-49	-10,498
Other Comprehensive Expenditure and Income	-	-	-	-	11,729	11,729	-	11,729
<b>Total Comprehensive Expenditure and Income</b>	<b>-10,449</b>	<b>-</b>	<b>-</b>	<b>-10,449</b>	<b>11,729</b>	<b>1,280</b>	<b>-49</b>	<b>1,231</b>
Adjustments between accounting basis and funding under regulations	10,947	-	-	10,947	-10,947	-	-	-
<b>Net Increase/Decrease (-) before Transfers to Earmarked Reserves</b>	<b>498</b>	<b>-</b>	<b>-</b>	<b>498</b>	<b>782</b>	<b>1,280</b>	<b>-49</b>	<b>1,231</b>
Transfers to (-) / from Earmarked Reserves	-330	330	-	-	-	-	-	-
<b>Increase/Decrease (-) in year</b>	<b>168</b>	<b>330</b>	<b>-</b>	<b>498</b>	<b>782</b>	<b>1,280</b>	<b>-49</b>	<b>1,231</b>
<b>Balance at 31 March 2024</b>	<b>1,773</b>	<b>4,232</b>	<b>-</b>	<b>6,005</b>	<b>-283,332</b>	<b>-277,327</b>	<b>-53</b>	<b>-277,380</b>

## GROUP ACCOUNTS

### GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement summarises the resources that have been generated and consumed in providing services and managing the Group during the last year. It includes all day-to-day expenses and related income on an accruals basis.

2022/23 Gross Expenditure £000	2022/23 Income £000	2022/23 Net Expenditure £000	Gross Expenditure, Gross Income and Net Expenditure on continuing operations	2023/24 Gross Expenditure £000	2023/24 Income £000	2023/24 Net Expenditure £000
29,793	-	29,793	Employees	24,685	-	24,685
2,905	-	2,905	Premises	3,629	-	3,629
781	-	781	Transport	658	-1	657
4,102	-	4,102	Supplies & Services	4,290	-	4,290
178	-	178	Provisions	-	-9	-9
1,612	-	1,612	Capital Financing	1,348	-	1,348
-	-5,054	-5,054	Income	-	-5,141	-5,141
<b>39,371</b>	<b>-5,054</b>	<b>34,317</b>	<b>Net Cost of Service</b>	<b>34,610</b>	<b>-5,151</b>	<b>29,459</b>
			<b>Other Operating Income &amp; Expenditure</b>			
100	-	100	Gain (-) / Loss on disposal of non-current assets: Property, Plant & Equipment	-	-3	-3
<b>100</b>	<b>-</b>	<b>100</b>		<b>-</b>	<b>-3</b>	<b>-3</b>
			<b>Financing and Investment Income &amp; Expenditure</b>			
115	-	115	Interest payable - debt	122	-	122
697	-	697	Interest payable on PFI	669	-	669
189	-	189	Contingent Rents – PFI	274	-	274
11,609	-	11,609	Net interest on the defined benefit liability	14,529	-	14,529
-	-179	-179	Investment interest income	-	-460	-460
<b>12,610</b>	<b>-179</b>	<b>12,431</b>		<b>15,594</b>	<b>-460</b>	<b>15,134</b>
			<b>Taxation &amp; Non-specific Grants Income</b>			
		-19	Recognised capital grants & contributions			-191
		-19,502	Precepts			-20,570
		-7,015	NNDR			-7,415
		-1,905	Non-Ring-fenced Government Grants			-1,944
		-3,606	RSG			-3,972
		<b>-32,047</b>				<b>-34,092</b>
		<b>14,801</b>	<b>Surplus (-) / Deficit on Provision of Services</b>			<b>10,498</b>
		-137,774	Re-measurements of the net defined benefit liability			-11,341
		-2,132	Deficit (-)/Surplus on revaluation of Property, Plant & Equipment			-388
		<b>-139,906</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>-11,729</b>
		<b>-125,105</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>-1,231</b>



## GROUP ACCOUNTS

### GROUP BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the asset and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group.

As at 31 March 2023 £000	£000		As at 31 March 2024 £000	£000
-		Intangible Assets	50	
39,139		<b>Property, Plant &amp; Equipment</b>		
6,000		Land & Buildings	40,308	
220		Vehicle, Plant, Furniture & Equipment	5,706	
279		Surplus Assets	220	
-		Assets Under Construction	480	
		Long-term Debtors	-	
	<b>45,638</b>	<b>Total Long-term Assets</b>		<b>46,764</b>
568		Assets Held for Sale	253	
612		Inventories	630	
6,091		Short-term Debtors	5,407	
2,773		Cash & Cash Equivalents	3,505	
	<b>10,044</b>	<b>Total Current Assets</b>		<b>9,795</b>
-86		Short-term Borrowing	-87	
-4,724		Short-term Creditors	-4,399	
	<b>-4,810</b>	<b>Total Current Liabilities</b>		<b>-4,486</b>
	<b>50,872</b>	<b>Total Assets less Current Liabilities</b>		<b>52,073</b>
-473		Provisions	-297	
-4,886		Long-term Borrowing	-4,832	
-5,953		Deferred Liability – PFI	-5,653	
-700		Other Deferred Liabilities	-588	
-317,471		Pension Liability (IAS19)	-318,083	
	<b>-329,513</b>	<b>Total Long-term Liabilities</b>		<b>-329,453</b>
	<b>-278,611</b>	<b>Net Assets</b>		<b>-277,380</b>
5,503		Usable Reserves	5,952	
-284,114		Unusable Reserves	-283,332	
	<b>-278,611</b>	<b>Total Reserves</b>		<b>-277,380</b>

## GROUP ACCOUNTS

---

### GROUP STATEMENT OF CASH FLOWS

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

2022/23 £000	OPERATING ACTIVITIES	2023/24 £000
14,801	Net surplus (-) or deficit on the provision of services	10,498
-14,361	Adjustments to net surplus or deficit on the provision of services for non-cash movements	-13,682
26	Adjust for items received in the net surplus or deficit on the provision of services that are investing and financing activities	540
<b>466</b>	<b>Net cash flows from operating activities</b>	<b>-2,644</b>
930	Investing Activities	1,576
-2,699	Financing Activities	336
<b>-1,303</b>	<b>Net increase (-) or decrease in cash and cash equivalents</b>	<b>-732</b>
1,470	Cash and cash equivalents at the beginning of the reporting period	2,773
<b>2,773</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>3,505</b>

# **GROUP ACCOUNTS**

---

## **NOTES TO THE GROUP ACCOUNTS**

### **1. Group Accounting Policies**

The Group Financial Statements have been prepared in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom 2023/24 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The accounting policies used in preparing the Group Accounts are largely those used by County Durham and Darlington Fire and Rescue Authority. To align the accounting policies of group entities with those used by the Authority and ensure consistency of accounting treatment across the group, the following policies have been adopted:

#### **Consolidation of Subsidiaries**

Subsidiaries have been consolidated using the acquisition accounting basis. This is a full line by line consolidation of the financial transactions and balances of the Authority and its subsidiaries. To avoid overstating the figures in the group financial statement, all transactions and balances between the members of the group have been eliminated.

#### **International Financial Reporting Standards**

The Authority produces its financial statements in accordance with IFRS. As the companies produce their financial statements in accordance with UK GAAP, their financial statements have been adjusted to reflect IFRS where any changes have a material effect on the presentation of the Group Financial Statements.

### **2. Officers' Remuneration**

There is no remuneration for Directors of County Durham and Darlington Fire and Rescue Service Community Interest Company or Vital Fire Solutions Limited.

### **3. Audit Fees**

Audit fees owing to additional work required for the audit of the group accounts are disclosed in Note 7.7.

#### **Group Adjustments**

The following transactions have been eliminated from the Group Financial Statements:

During 2023/24, County Durham and Darlington Fire and Rescue Authority supplied goods and services with a value of £5,600 to County Durham and Darlington Fire and Rescue Community Interest Company.

Goods and services with a value of £856,415 were supplied by County Durham and Darlington Fire and Rescue Authority to Vital Fire Solutions Limited during 2023/24. Vital Fire Solutions provided £9,245 of goods and services to the Authority.

These transactions have been eliminated from the Consolidated Income and Expenditure Statement in the Group Accounts. In addition, intra company debtors and creditors have been adjusted for in the Balance Sheet.

## MOVEMENT IN RESERVES

### MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves'.

The Surplus/ Deficit (-) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting.

The Net Increase/ Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund balance before discretionary transfers to or from Earmarked Reserves are undertaken by the Authority.

	(a) General Fund Balance £000	(b) Earmarked Reserves £000	(c) Capital Grants Unapplied £000	(d) Capital Receipts Unapplied £000	(e) Total Usable Reserves £000	(f) Unusable Reserves £000	(g) Total Authority Reserves £000
<b>Balance at 31 March 2023</b>	<b>1,605</b>	<b>3,902</b>	-	-	<b>5,507</b>	<b>-284,114</b>	<b>-278,607</b>
Surplus/Deficit (-) on provision of services	-10,449	-	-	-	-10,449	-	-10,449
Other Comprehensive Expenditure and Income	-	-	-	-	-	11,729	11,729
<b>Total Comprehensive Expenditure and Income</b>	<b>-10,449</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-10,450</b>	<b>11,729</b>	<b>1,280</b>
Adjustments between accounting basis and funding under regulations (Note 6.1)	10,947	-	-	-	10,947	-10,947	-
<b>Net Increase/Decrease (-) before Transfers to Earmarked Reserves</b>	<b>498</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>498</b>	<b>782</b>	<b>1,280</b>
Transfers to (-) / from Earmarked Reserves (Note 8.19)	-330	330	-	-	-	-	-
<b>Increase/Decrease (-) in year</b>	<b>168</b>	<b>330</b>	<b>-</b>	<b>-</b>	<b>498</b>	<b>782</b>	<b>1,280</b>
<b>Balance at 31 March 2024</b>	<b>1,773</b>	<b>4,232</b>	<b>-</b>	<b>-</b>	<b>6,005</b>	<b>-283,332</b>	<b>-277,327</b>

## MOVEMENT IN RESERVES

Comparatives for 2022/23 are as follows:

	(a) General Fund Balance £000	(b) Earmarked Reserves £000	(c) Capital Grants Unapplied £000	(d) Capital Receipts Unapplied £000	(e) Total Usable Reserves £000	(f) Unusable Reserves £000	(g) Total Authority Reserves £000
<b>Balance at 31 March 2022</b>	<b>1,510</b>	<b>4,240</b>	-	-	<b>5,750</b>	<b>-409,465</b>	<b>-403,715</b>
Surplus/Deficit (-) on provision of services	-14,798	-	-	-	-14,798	-	-14,798
Other Comprehensive Expenditure and Income	-	-	-	-	-	139,906	139,906
<b>Total Comprehensive Expenditure and Income</b>	<b>-14,798</b>	-	-	-	<b>-14,798</b>	<b>139,906</b>	<b>125,108</b>
Adjustments between accounting basis and funding under regulations (Note 6.1)	14,555	-	-	-	14,555	-14,555	-
<b>Net Increase/Decrease (-) before Transfers to Earmarked Reserves</b>	<b>-243</b>	-	-	-	<b>-243</b>	<b>125,351</b>	<b>125,108</b>
Transfers to (-) / from Earmarked Reserves (Note 8.19)	338	-338	-	-	-	-	-
<b>Increase/Decrease (-) in year</b>	<b>95</b>	<b>-338</b>	-	-	<b>-243</b>	<b>125,351</b>	<b>125,108</b>
<b>Balance at 31 March 2023</b>	<b>1,605</b>	<b>3,902</b>	-	-	<b>5,507</b>	<b>-284,114</b>	<b>-278,607</b>

# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities 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.

The presentation of the Comprehensive Income and Expenditure Statement is based upon the organisational structure that reflects the way the business is managed and operated. For the Authority, this means that income and expenditure included in the net cost of services has been analysed across subjective headings.

2022/23 Gross Expenditure £000	2022/23 Income £000	2022/23 Net Expenditure £000	Gross Expenditure, Gross Income and Net Expenditure on continuing operations	2023/24 Gross Expenditure £000	2023/24 Income £000	2023/24 Net Expenditure £000
29,704	-	29,704	Employees	24,605	-	24,605
2,890	-	2,890	Premises	3,626	-	3,626
776	-	776	Transport	658	-1	657
3,854	-	3,854	Supplies & Services	4,289	-	4,289
178	-	178	Provisions	-	-9	-9
1,612	-	1,612	Capital Financing	1,348	-	1,348
-	-4,702	-4,702	Income	-	-5,116	-5,116
<b>39,014</b>	<b>-4,702</b>	<b>34,312</b>	<b>Net Cost of Service</b>	<b>34,526</b>	<b>-5,126</b>	<b>29,400</b>
			<b>Other Operating Income &amp; Expenditure</b>			
100	-	100	Gain (-) / Loss on disposal of non-current assets: Property, Plant & Equipment (Note 7.2)	-	-3	-3
<b>100</b>	<b>-</b>	<b>100</b>		<b>-</b>	<b>-3</b>	<b>-3</b>
			<b>Financing and Investment Income &amp; Expenditure</b>			
115	-	115	Interest payable on debt	122	-	122
697	-	697	Interest payable on PFI	669	-	669
189	-	189	Contingent Rents – PFI	274	-	274
11,609	-	11,609	Net interest on the defined benefit liability	14,529	-	14,529
-	-177	-177	Investment interest income	-	-450	-450
<b>12,610</b>	<b>-177</b>	<b>12,433</b>		<b>15,594</b>	<b>-450</b>	<b>15,144</b>
			<b>Taxation &amp; Non-specific Grants Income</b>			
		-19	Recognised capital grants and contributions			-191
		-19,502	Precepts (Note 7.12)			-20,570
		-7,015	NNDR			-7,415
		-1,905	Non-Ring-fenced Government Grants			-1,944
		-3,606	RSG			-3,972
		<b>-32,047</b>				<b>-34,092</b>
		<b>14,798</b>	<b>Surplus (-) / Deficit on Provision of Services</b>			<b>10,449</b>
		-137,774	Re-measurements of the net defined benefit liability (Note 8.21)			-11,341
		-2,132	Deficit (-)/Surplus on revaluation of Property, Plant & Equipment			-388
		<b>-139,906</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>-11,729</b>
		<b>-125,108</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>-1,280</b>

# BALANCE SHEET

## BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories.

The first category of reserves are usable reserves, i.e., those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves are those that the Authority is not able to use to provide services. This category of reserves includes:

- reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold;
- reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

As at 31 March 2023 £000	£000		As at 31 March 2024 £000	£000
-		Intangible Assets (Note 8.1)	50	
		<b>Property, Plant &amp; Equipment</b>		
39,139		Land & Buildings (Note 8.2)	40,308	
6,000		Vehicle, Plant, Furniture & Equipment (Note 8.2)	5,706	
220		Surplus Assets (Note 8.2)	220	
279		Assets Under Construction (Note 8.3)	480	
15		Long-term Investments (Note 8.13)	15	
-		Long-term Debtors (Note 8.10)	-	
	<b>45,653</b>	<b>Total Long-term Assets</b>		<b>46,779</b>
568		Assets Held for Sale	253	
599		Inventories (Note 8.9)	621	
6,101		Short-term Debtors (Note 8.10)	5,406	
2,707		Cash & Cash Equivalents (Note 8.11)	3,479	
	<b>9,975</b>	<b>Total Current Assets</b>		<b>9,759</b>
-86		Short-term Borrowing (Note 8.12)	-87	
-4,666		Short-term Creditors (Note 8.12)	-4,325	
	<b>-4,752</b>	<b>Total Current Liabilities</b>		<b>-4,412</b>
	<b>50,876</b>	<b>Total Assets less Current Liabilities</b>		<b>52,126</b>
-473		Provisions (Note 8.14)	-297	
-4,886		Long-term Borrowing (Note 8.15)	-4,832	
-5,953		Deferred Liability – PFI (Note 8.15)	-5,653	
-700		Other Deferred Liabilities (Note 8.15)	-588	
-317,471		Pension Liability (IAS19) (Note 8.17)	-318,083	
	<b>-329,513</b>	<b>Total Long-term Liabilities</b>		<b>-329,453</b>
	<b>-278,607</b>	<b>Net Assets</b>		<b>-277,327</b>
5,507		<b>Usable Reserves</b> (Note 8.18)	6,005	
-284,114		<b>Unusable Reserves</b> (Note 8.18)	-283,332	
	<b>-278,607</b>	<b>Total Reserves</b>		<b>-277,327</b>

## **CASH FLOW STATEMENT**

---

### **CASH FLOW STATEMENT**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

<b>2022/23 £000</b>	<b>OPERATING ACTIVITIES</b>	<b>2023/24 £000</b>
14,798	Net surplus (-) or deficit on the provision of services	10,449
-14,390	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 9.1)	-13,673
26	Adjust for items received in the net surplus or deficit on the provision of services that are investing and financing activities	540
<b>434</b>	<b>Net cash flows from operating activities</b>	<b>-2,684</b>
930	Investing Activities (Note 9.3)	1,576
-2,699	Financing Activities (Note 9.4)	336
<b>-1,335</b>	<b>Net increase (-) or decrease in cash and cash equivalents</b>	<b>-772</b>
1,372	Cash and cash equivalents at the beginning of the reporting period	2,707
<b>2,707</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 8.11)</b>	<b>3,479</b>



# **NOTES TO CORE FINANCIAL STATEMENTS**

---

## **1 ACCOUNTING POLICIES**

### **1.1 General Principles**

The Statement of Accounts summarises the Authority's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS).

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

The Statements reflect the requirements of general accounting principles and concepts of:

- **Relevance** - the financial statements provide information about the Authority's performance and position that is useful to the users of the accounts to assess the stewardship of public funds and for making economic decisions.
- **Reliability** - the financial information faithfully represents the substance of the transactions, the activities underlying them and other events that have taken place are free from deliberate or systematic bias and material error and have been prudently prepared.
- **Comparability** - the information has been prepared consistently and with adequate disclosures so that it can be compared with prior years and other Fire Authorities.
- **Understandability** – the statements have been prepared to ensure they are as easy to understand as possible.
- **Materiality** - the statements disclose items of a certain size and nature such that they provide a fair presentation of the financial position and transactions of the Authority.
- **Accruals** - other than the cash flow statement, the financial statements report transactions that have been recorded in the accounting period for which the goods and services were received or supplied rather than in which the cash was received or paid.
- **Going Concern** - the financial statements have been prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.
- **Legality** - where the accounting principles and specific legislation requirements are in conflict, the financial statements have been prepared to reflect legislative requirements.

The accounting policies are the principles, bases, conventions, rules and practices that specify how the effects of transactions and other events are reflected in the financial statements of the Authority. Consistent accounting policies have been applied both within

## ***NOTES TO CORE FINANCIAL STATEMENTS***

---

the year and between years. Where accounting policies are changed, this has been disclosed separately.

### **1.2 Accruals of Income and Expenditure**

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

- revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority;
- revenue from the provision of services is recognised when the Authority can reliably measure the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority;
- supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected;
- a de-minimus level of £1,000 is set for the recognition of accruals;
- there is no accrual made for petty cash at the year end. This is because the value of petty cash transactions remains consistent and of low value month on month. The Authority ensures that 12 accounting periods are included within each financial year.
- Under International Financial Reporting Standard 15 (IFRS15) Revenue From Contracts with Customers, the Authority recognises revenue from any contracts with service recipients in the financial year in which the service is provided, in accordance with the performance obligations of the contract.

### **1.3 Cash and Cash Equivalents**

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

## ***NOTES TO CORE FINANCIAL STATEMENTS***

---

mature within three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

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

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

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

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **1.5 Charges to Revenue for Non-Current Assets**

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the cost of holding property, plant and equipment during the year:

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

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance). Depreciation, revaluation, impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance by Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **1.6 Employee Benefits**

#### **Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year end. They include benefits such as wages and salaries, paid annual leave and paid sick leave,

## ***NOTES TO CORE FINANCIAL STATEMENTS***

---

bonuses and non-monetary benefits for current employees. They are recognised as an expense in the year in which the employee renders service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave) earned by an employee but not taken before the year end. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that benefits are charged to revenue in the financial year in which the holiday absence occurs.

### **Termination Benefits**

Termination benefits are amounts payable because 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. They are charged on an accruals basis to the Net Cost of Service in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or making an offer to encourage voluntary redundancy.

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

### **Post Employment Benefits**

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

- the 1992 Fire Pension Scheme for Firefighters which is unfunded;
- the 2006 Fire Pension Scheme for Firefighters (including the Retained Modified Scheme) which is unfunded;
- the 2015 Fire Pension Scheme for Firefighters which is unfunded;
- the Local Government Pension Scheme, administered by Durham County Council.

All four schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the Authority.

### **Discretionary Benefits (Local Government Pension Scheme)**

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

## ***NOTES TO CORE FINANCIAL STATEMENTS***

---

### **The Fire Pension Scheme for Firefighters**

The Firefighter's Pension Scheme for fire officers is an unfunded defined benefit scheme administered by County Durham and Darlington Fire and Rescue Authority, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

Under the Firefighter's Pension Scheme Order 2006, if the amounts receivable by the pension fund for the year are less than amounts payable, the Fire Authority must annually transfer an amount to meet the deficit to the pension fund. This cost is then met by Central Government. If, however, the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Fire Authority. This surplus is then repaid to Central Government.

### **The Local Government Pension Scheme**

The Local Government Pension Scheme for support staff, administered by Durham County Council, is a funded defined benefit career average scheme, with any benefits earned up to 31 March 2014 continuing to be calculated on a final salary basis. This means that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The Authority recognises the costs of retirement benefits in the Net Cost of Services section of the Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The negative balance that arises on the Pensions Reserve measures the beneficial impact to the General Fund of being required to account for retirement benefits based on cash flows rather than as benefits are earned by employees.

### **1.7 Events after the Balance Sheet Date**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

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

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

## ***NOTES TO CORE FINANCIAL STATEMENTS***

---

### **1.8 Financial Instruments**

The accounting treatment of Financial Instruments reflects the requirements resulting from the implementation of International Reporting Standard 9 (IFRS9) Financial Instruments.

Fair value measurements are based upon the following valuation techniques:

- Level 1 – the financial instrument has an active market, with quoted prices for similar instruments
- Level 2 - there is some directly observable market information, other than that available for Level 1 instruments
- Level 3 – no market information is available, so valuation requires significant judgement by management.

### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument, or, in the case of creditors, when the goods or service have been received. Financial liabilities are de-recognised when the liability has been paid or otherwise discharged.

They are initially measured at fair value and are carried at their amortised cost.

For the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement is the amount payable for the year to which it relates, according to the loan agreement.

### **Financial Assets**

Financial assets are categorised according to the intention of use when the asset was purchased:

- Amortised Cost – held to collect contractual cash flows of principal and interest on specific dates;
- Fair Value Through Other Comprehensive Income – held to collect contractual cash flows and sell the financial asset on specified dates;
- Fair Value Through Profit or Loss – Achieve objectives other than to collect contractual cash flows.

The financial assets of the Authority are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument, or, in the case of debtors, when the goods or services have been provided or delivered. Financial assets are derecognised when the contractual rights have expired, or the asset has been transferred. Loans and receivables are measured at amortised cost. Financial assets are reviewed and any expected losses are calculated annually for any assets with a significant credit risk. The

## **NOTES TO CORE FINANCIAL STATEMENTS**

subsequent impairment / loss allowance, where material, is then treated according to the asset classification:

- Amortised Cost – assets are reduced by the value of the expected losses and reflected in their carrying amount;
- Fair Value Through Other Comprehensive Income - assets have their loss allowance recognised in the Financial Instruments Revaluation Reserve;
- Fair Value Through Profit or Loss – assets have their loss allowance recognised in the Surplus or Deficit on Provision of Services.

### **1.9 Government Grants and Contributions**

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

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

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

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

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

### **1.10 Property, Plant and Equipment**

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





## ***NOTES TO CORE FINANCIAL STATEMENTS***

---

Where decreases in value are identified, they are accounted for as follows:

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

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

### **Impairment**

An assessment is made at the year end to determine whether an asset may be impaired. If it may, and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, the accounting entries are as follows:

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

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

### **Disposals**

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. The asset is revalued immediately before reclassification and then carried at the lower of this amount and current value less costs to sell. Where there is subsequent decrease to current value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in current value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provisions of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as an Asset Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or

## ***NOTES TO CORE FINANCIAL STATEMENTS***

---

revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal, so netted off against the carrying value of the asset at the time of disposal. The written-off value of the disposal is appropriated to the Capital Adjustment Account in the Movement in Reserves Statement so as not to impact on Council Tax. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Receipts from disposal of assets are categorised as Capital Receipts and credited to the Usable Capital Receipts Reserve to finance new capital investment.

### **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment with a determinable finite life by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use. Freehold land, assets with an estimated life in excess of 50 years and assets under construction are not depreciated.

Annual depreciation is calculated on a straight-line basis as valuation less residual value, divided by the estimated useful life of the asset. The useful lives of properties vary from 15 to 100 years; and that of vehicles, plant and equipment between 3 and 15 years. In rare cases, certain specialised equipment may be attributed a longer useful economic life.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

### **1.11 Donated Assets**

Donated assets received by the Authority are recognised immediately on receipt at current value as Property, Plant and Equipment. The opposite entry to this transaction (i.e. the gain to the Authority on receipt of the asset) is recognised as income in the relevant service line in the Comprehensive Income and Expenditure Statement. The Code notes that the exception to this is to the extent that the Authority might not meet the conditions attached to the donated asset. In such circumstances, the income relating to the assets will need to be recognised in the Donated Asset Account. The income will subsequently be recognised in

## ***NOTES TO CORE FINANCIAL STATEMENTS***

---

the Comprehensive Income and Expenditure Statement when the Authority has satisfied the conditions of donation.

### **1.12 Intangible Assets**

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Authority (e.g., software licences) is capitalised when it will bring benefits to the Authority for more than one financial year.

Intangible assets are measured initially at cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

### **1.13 Basis of Valuation of Inventories**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value and include uniforms, operational equipment, catering stock, smoke alarms, furniture stock, stationery, oil, diesel and vehicle spares.

The cost of inventories is assigned using the weighted average costing formula.

### **1.14 Accounting for Leases – Authority as Lessee**

#### **Operating Leases**

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased assets. Charges are made on a straight-line basis over the term of the lease. Where the operating lease includes a rent-free period, the benefit is carried forward as a deferred liability to be released evenly over the life of the lease.

### **1.15 Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service, in accordance with the Authority's arrangements for accountability and financial performance.

### **1.16 Private Finance Initiative (PFI)**

PFI and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI schemes, and as ownership of the Property, Plant and Equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value, based on the cost to purchase the Property, Plant and Equipment, is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

## **NOTES TO CORE FINANCIAL STATEMENTS**

The annual amounts payable to the PFI operators are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- finance cost – an interest charge of 10.74% on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- 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 the Comprehensive Income and Expenditure Statement;
- 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) and;
- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

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

#### **Provisions**

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For example, potential legal liabilities arising from claims.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

#### **Contingent Liabilities**

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

## **NOTES TO CORE FINANCIAL STATEMENTS**

### **1.18 Reserves**

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year 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.

The Authority's policy for reserves is that the Authority will:

- set aside sufficient sums in Earmarked Reserves as it considers prudent to do so;
- aim to maintain General Reserves of 5% of the Net Expenditure; currently £1.773m

Earmarked reserves relating to Pensions, Modernisation, Community Safety, Resilience, Insurance, Training, IT Projects and Strategic Finance (Funding Pressures) were held as at 31 March 2024 together with a General Revenue Reserve.

### **1.19 Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Where the Authority has received capital grants which have been applied to REFCUS, they have been accounted for as revenue grants in the Comprehensive Income and Expenditure Statement, even if described as capital grants by the giver of the grant.

Income is posted to the line(s) that the qualifying expenditure is charged to, in the Net Cost of Service.

Transactions are transparent in the note detailing the components of the Adjustments between Accounting Basis and Funding Basis under Regulations line in the Movement in Reserves Statement.

### **1.20 VAT**

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

### **1.21 Group Accounts**

The Authority has interests in subsidiary companies and therefore group accounts have been prepared. In the Authority's single entity accounts, the interests are recorded as financial assets at cost, less any provision for losses.

### **1.22 Council Tax Income**

The Code requires that the Council Tax income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund

## ***NOTES TO CORE FINANCIAL STATEMENTS***

---

Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes a Collection Fund Adjustment Account to reflect the Collection Fund relationship between the Authority and Billing Authorities. The offset to this account is included in debtors/creditors. Debtor and creditor accounts are also included in the Balance Sheet to reflect the amounts due from council taxpayers.

### **2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED**

The Authority is required to disclose the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted in the CIPFA Accountancy Code of Practice for the relevant financial year.

The standards that may be relevant for additional disclosures in respect of accounting changes that are introduced in the 2024/25 Code are:

- IFRS16 (Leases) issued in January 2016 (but only where a local authority has not decided to voluntarily implement in the 2023/24 financial year.
- IAS 1 (Presentation of Financial Statements) amendments for the classification of liabilities as current or non-current, and for improving information regarding non-current liabilities with covenants.
- Amendments to IAS 7 (Statement of Cash Flows) and IFRS 7 (Financial Instruments : Disclosures) to provide additional disclosures about supplier finance arrangements.

It is not anticipated that any of these amendments will have a material impact upon the information provided in the financial statements, but it will be dependent upon arrangements in place at that time and further details of the potential impact will be disclosed when more information becomes available.

### **3 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 uncertainty of future events.

There is a high degree of uncertainty about future levels of funding for fire authorities. However, it has been determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of the need to reduce levels of service provision.

### **4 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, as

## **NOTES TO CORE FINANCIAL STATEMENTS**

---

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 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

### **4.1 Property, Plant and Equipment**

#### **Uncertainty**

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

#### **Effect if actual results differ from assumptions**

If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls.

It is estimated that the annual depreciation charge for buildings would increase by approximately £0.012m for every year that useful lives had to be reduced.

### **4.2 Pension Liability**

#### **Uncertainty**

Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied.

#### **Effect if actual results differ from assumptions**

The effects of changes in individual assumptions on the total pension liability can be measured.

Examples of how changes in assumptions would impact upon the Firefighters' pension liability are shown in the table below:

<b>Change in assumption *</b>	<b>Increase in Liability %</b>	<b>Increase in Liability £m</b>
<b>Rate of return:</b>		
in excess of earnings – reduction of 0.5% per annum	1.0	3
in excess of pensions – reduction of 0.5% per annum	6.5	20
<b>Pensioner mortality</b>		
pensioners living (on average) 1 year longer	2.0	7

\* Opposite changes in assumptions would produce equal and opposite changes in the liability.

# NOTES TO CORE FINANCIAL STATEMENTS

## 5 EXPENDITURE AND FUNDING ANALYSIS

### 5.1 Expenditure and Funding Analysis

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

2022/23 Net Expenditure Chargeable to the General Fund £000	2022/23 Adjustments Between the Funding and Accounting Basis £000	2022/23 Net Expenditure in the Comprehensive Income and Expenditure Statement £000		2023/24 Net Expenditure Chargeable to the General Fund £000	2023/24 Adjustments Between the Funding and Accounting Basis £000	2023/24 Net Expenditure in the Comprehensive Income and Expenditure Statement £000
26,702	3,002	29,704	Employees	27,199	-2,594	24,605
2,890	-	2,890	Premises	3,626	-	3,626
776	-	776	Transport	657	-	657
3,854	-	3,854	Supplies & Services	4,289	-	4,289
178	-	178	Provisions	-9	-	-9
1,338	274	1,612	Capital Financing	1,998	-650	1,348
-4,702	-	-4,702	Income	-5,116	-	-5,116
<b>31,036</b>	<b>3,276</b>	<b>34,312</b>	<b>Net Cost of Services</b>	<b>32,644</b>	<b>-3,244</b>	<b>29,400</b>
-	100	100	Other Operating Income & Expenditure	-	-3	-3
824	11,609	12,433	Financing and Investment	615	14,529	15,144
-31,617	-430	-32,047	Income & expenditure	-33,757	-335	-34,092
			Taxation & Non-Specific Grants Income			
<b>243</b>	<b>14,555</b>	<b>14,798</b>	<b>Surplus (-) or Deficit on Provision of Services</b>	<b>-498</b>	<b>10,947</b>	<b>10,449</b>
<b>-1,510</b>			<b>Opening General Fund Balance</b>	<b>-1,605</b>		
-95			Surplus on General Fund Balance in the year	-168		
<b>-1,605</b>			<b>Closing General Fund Balance</b>	<b>-1,773</b>		

### 5.2 Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to the Net Expenditure chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

- Adjustments for Capital Purposes

This column adjusts for depreciation, impairment and revaluation gains / losses in the Net Cost of Services line, along with the statutory charges for capital financing (minimum revenue provision and revenue contributions) as these are not chargeable under generally accepted accounting practices.



## **NOTES TO CORE FINANCIAL STATEMENTS**

Capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets are adjusted within other operating expenditure.

The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions, or for which conditions were satisfied in the year.

- **Net Change for the Pensions Adjustments**

This column includes the net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income.

Within Net Cost of Services, this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.

Within Financing and Investment Income and Expenditure, the net interest in the defined benefit liability is charged to the CIES.

- **Other Differences**

Other differences between amounts debited / credited to the Comprehensive Income and Expenditure Statement and amounts payable / receivable to be recognised under statute are included in this column.

The Net Cost of Services line includes adjustments in respect of the accrual for compensated absences earned but not taken in the year, such as annual leave entitlement carried forward at the year end.

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 non-domestic rates that was anticipated 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.

## NOTES TO CORE FINANCIAL STATEMENTS

2023/24 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000	Net Change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
Employees	-	-2,576	-18	-2,594
Premises	-	-	-	-
Transport	-	-	-	-
Supplies & Services	-	-	-	-
Provisions	-	-	-	-
Capital Financing Income	-650	-	-	-650
<b>Net Cost of Services</b>	<b>-650</b>	<b>-2,576</b>	<b>-18</b>	<b>-3,244</b>
Other Operating Income & Expenditure	-3	-	-	-3
Financing and Investment Income & Expenditure	-	14,529	-	14,529
Taxation & Non-Specific Grants Income	-191	-	-144	-335
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>-844</b>	<b>11,953</b>	<b>-162</b>	<b>10,947</b>

The comparatives for 2022/23 are shown in the table below:

2022/23 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000	Net Change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
Employees	-	3,008	-6	3,002
Premises	-	-	-	-
Transport	-	-	-	-
Supplies & Services	-	-	-	-
Provisions	-	-	-	-
Capital Financing Income	274	-	-	274
<b>Net Cost of Services</b>	<b>274</b>	<b>3,008</b>	<b>-6</b>	<b>3,276</b>
Other Operating Income & Expenditure	100	-	-	100
Financing and Investment Income & Expenditure	-	11,609	-	11,609
Taxation & Non-Specific Grants Income	-19	-	-411	-430
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>355</b>	<b>14,617</b>	<b>-417</b>	<b>14,555</b>

## **NOTES TO CORE FINANCIAL STATEMENTS**

### **6 MOVEMENT IN RESERVES STATEMENT**

#### **6.1 Adjustments between Accounting Basis and Funding Basis under Regulations**

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

<b>2023/24</b>	<b>General Fund Balance (Usable Reserves) £000</b>	<b>Capital Receipts Reserve (Usable Reserves) £000</b>	<b>Capital Grants Unapplied (Usable Reserves) £000</b>	<b>Movement in Unusable Reserves £000</b>
Charges for depreciation, impairment, and downward revaluations of non-current assets	-1,339			1,339
Amortisation of Intangible Assets	-9			9
Capital Grants and Contributions	191			-191
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-346			346
Use of Capital Receipts Reserve to finance new capital	349	-349		
Transfer of cash proceeds credited as part of the gain on disposal to the Comprehensive Income and Expenditure Statement		349		-349
Statutory provision for the financing of Capital Investment	422			-422
Capital expenditure charged against the General Fund	1,576			-1,576
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-17,319			17,319
Employer's pensions contributions and direct payments to pensioners payable in the year	5,366			-5,366
Adjustments by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	144			-144
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	18			-18
<b>Total Adjustments</b>	<b>-10,947</b>	<b>-</b>	<b>-</b>	<b>10,947</b>

## **NOTES TO CORE FINANCIAL STATEMENTS**

Comparatives for 2022/23 are as follows:

2022/23	General Fund Balance (Usable Reserves) £000	Capital Receipts Reserve (Usable Reserves) £000	Capital Grants Unapplied (Usable Reserves) £000	Movement in Unusable Reserves £000
Charges for depreciation, impairment, and downward revaluations of non-current assets	-1,567			1,567
Amortisation of Intangible Assets	-44			44
Capital Grants and Contributions	19			-19
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-107			107
Use of Capital Receipts Reserve to finance new capital	7	-7		
Transfer of cash proceeds credited as part of the gain on disposal to the Comprehensive Income and Expenditure Statement		7		-7
Statutory provision for the financing of Capital Investment	407			-407
Capital expenditure charged against the General Fund	930			-930
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-19,887			19,887
Employer's pensions contributions and direct payments to pensioners payable in the year	5,270			-5,270
Adjustments by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	411			-411
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	6			-6
<b>Total Adjustments</b>	<b>-14,555</b>	<b>-</b>	<b>-</b>	<b>14,555</b>

### **7 COMPREHENSIVE INCOME AND EXPENDITURE**

#### **7.1 Non-Distributed Costs**

Pension costs relating to past service are treated as non-distributed costs.

There are no exceptional items in 2023/24.

#### **7.2 Gain / Loss on the Disposal of Property, Plant and Equipment**

In accordance with the Code, any gain or loss on disposal of an asset is to be included in the Comprehensive Income and Expenditure Statement. The gain or loss is shown as a reconciling item in the Movement in Reserves Statement. The gain shown in the Comprehensive Income and Expenditure Account for 2023/24 amounts to £2,815 (2022/23: loss £100,693)

## **NOTES TO CORE FINANCIAL STATEMENTS**

### **7.3 Members' Allowances**

Members' allowances are paid under a scheme introduced by the Fire and Rescue Authority in December 2003. Expenses for conference and other non-routine meetings are also paid by the Fire and Rescue Authority.

The total amounts for allowances and expenses paid in relation to Members are as follows:

	<b>2022/23 £000</b>	<b>2023/24 £000</b>
Allowances	56	54
Expenses	2	2
<b>Total</b>	<b>58</b>	<b>56</b>

### **7.4 Employee Remuneration**

In accordance with the Accounts and Audit (England) Regulations 2012, disclosure is required for employees whose remuneration, excluding pension contributions, during the period exceeded £50,000.

Individual remuneration details are required for senior employees; and in accordance with the Regulations, senior employees are included by job title.

<b>2023/24</b>	<b>Salary (including fees &amp; allowances) £</b>	<b>Expense Allowances £</b>	<b>Benefits in Kind (e.g. Car Allowances) £</b>	<b>Total Remuneration excluding pension contributions £</b>	<b>Pension contributions £</b>	<b>Total Remuneration including pension contributions £</b>
Chief Fire Officer – S. Errington	-	-	-	-	-	-
Chief Fire Office – S. Helps	167,266	-	38	167,304	48,773	216,077
Deputy Chief Fire Officer	32,398	-	38	32,436	8,810	41,246
Director	80,172	80	-	80,252	19,816	100,068
Director	89,395	90	-	89,485	21,897	111,382
Director	31,797	-	38	31,835	9,158	40,993
Deputy Chief Executive/Treasurer (0.6 FTE)	66,004	-	1,022	67,026	13,032	80,058
	<b>467,032</b>	<b>170</b>	<b>1,136</b>	<b>468,338</b>	<b>121,486</b>	<b>589,824</b>

Chief Fire Officer (S. Errington) retired during 2022/23 and the Deputy Chief Officer (S. Helps) was appointed to the role. During 2023/24 one of the Directors was appointed to the vacant Deputy Chief Fire Officer post. The remuneration costs for this individual are shown across the two posts held during the year. Another Director left during the year and a new Director has been appointed to fill one of the vacancies.

Comparative figures for 2022/23 are as follows:

<b>2022/23</b>	<b>Salary (including fees &amp; allowances) £</b>	<b>Expense Allowances £</b>	<b>Benefits in Kind (e.g. Car Allowances) £</b>	<b>Total Remuneration excluding pension contributions £</b>	<b>Pension contributions £</b>	<b>Total Remuneration including pension contributions £</b>
Chief Fire Officer – S. Errington	116,304	90	-	116,394	33,496	149,890
Chief Fire Office – S. Helps	32,886	-	-	32,886	9,471	42,357
Deputy Chief Fire Officer	93,043	90	-	93,133	26,796	119,930
Director	111,893	159	-	112,052	32,225	144,277
Director	88,909	120	-	89,029	24,961	113,990
Director	-	-	-	-	-	-
Deputy Chief Executive/Treasurer (0.6 FTE)	64,746	-	-	64,746	11,590	76,336
	<b>507,782</b>	<b>459</b>	<b>-</b>	<b>508,241</b>	<b>138,539</b>	<b>646,779</b>

## NOTES TO CORE FINANCIAL STATEMENTS

Other employees, whose remuneration is more than £50,000, are included within the bandings of £5,000.

Remuneration Band	Number of Employees 2022/23	Number of Employees 2023/24
£50,000-£54,999	11	17
£55,000-£59,999	8	8
£60,000-£64,999	10	13
£65,000-£69,999	2	3
£70,000-£74,999	4	4
£75,000-£79,999	1	-
£80,000 -£84,999	-	2
£85,000 - £89,999	-	1

The £55,000 - £59,999 salary band above for 2022/23 includes redundancy costs for one member of staff, combined with their salary costs for the year. These costs are also disclosed within the exit packages note below.

No redundancy payments are included in the 2023/24 salary bands shown above.

### 7.5 Exit Packages

The numbers and total cost of exit packages agreed in 2022/23 and 2023/24 are set out in the tables below:

2023/24 Exit Package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages agreed	Total cost of exit packages agreed £000
£0-£20,000	-	-	-	-
£20,001-£40,000	-	-	-	-
£40,001-£60,000	-	-	-	-
£60,001-£80,000	-	-	-	-
£80,001-£100,000	-	-	-	-
£100,001-£150,000	-	-	-	-
<b>Total</b>	-	-	-	-

2022/23 Exit Package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages agreed	Total cost of exit packages agreed £000
£0-£20,000	-	3	3	34
£20,001-£40,000	-	1	1	28
£40,001-£60,000	-	-	-	-
£60,001-£80,000	-	-	-	-
£80,001-£100,000	-	-	-	-
£100,001-£150,000	-	-	-	-
<b>Total</b>	-	<b>4</b>	<b>4</b>	<b>62</b>

There were no exit packages agreed in 2023/24.

The exit packages disclosed in the table above for 2022/23 relate to voluntary redundancy/early retirements during the year.

## NOTES TO CORE FINANCIAL STATEMENTS

### 7.6 Termination Benefits

The 'Employee' Line of the comprehensive income and expenditure statement for 2023/24 includes £nil in respect of voluntary redundancy/early retirement/compensation payments (£61,657 in 2022/23 in respect of voluntary redundancy/early retirement payments.)

### 7.7 External Audit Fees

The accounts of the Authority are audited by Mazars LLP. In accordance with the Code, authorities are required to disclose payment of fees. The fees payable to Mazars LLP for 2022/23 and 2023/24 are set out below:

	2022/23 £000	2023/24 £000
Fees payable to auditors regarding external audit services carried out by the appointed auditor	44	90
Additional fees payable to auditors for work required for the audit of Group Accounts	2	4
Fees payable to auditors in respect of other services provided by the appointed auditor	-	-
	<b>46</b>	<b>94</b>

Fees payable to auditors regarding external audit services include an increased fee amount in relation to 2022/23 which was not known until after the accounts had been finalised.

### 7.8 Minimum Revenue Provision (MRP)

The Local Authorities Capital Finance and Accounting (England) (Amendment) Regulations 2011 requires the Authority to provide for an amount of MRP which it considers to be prudent. MRP has been prepared based on 4% of the capital finance requirement at the end of the preceding year, relating to assets held prior to 2008 and 2% of the capital financing requirement at the end of the preceding year for all other assets.

The MRP relating to the Private Finance Initiative scheme has been calculated as a sum equivalent to the principal repayment of the outstanding liability.

The amount of MRP charged to the accounts is disclosed in Note 8.5.

### 7.9 Operating Leases

During 2012/13, the Authority took over the lease of the former Regional Control Centre in Belmont, Durham, to use as its Headquarters. The Authority entered into this lease for 15 years.

During 2013/14, the Authority entered into a lease for its new Technical Services Centre at Bowburn, Durham. The Authority has entered into this lease for 15 years.

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

	31 March 2023 Property £000	31 March 2024 Property £000
Within one year	525	525
Later than one year and not later than five years	1,743	1,218
<b>Total</b>	<b>2,268</b>	<b>1,743</b>

## **NOTES TO CORE FINANCIAL STATEMENTS**

---

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these property leases was £524,810 (2022/23: £507,197).

### **7.10 Amounts Reported for Resource Allocation Decisions**

The analysis of income and expenditure on the face of the Comprehensive Income and Expenditure Statement reflects the internal financial management reporting, as required by the Code.

The Code recommends that, where appropriate, “segmental” reporting information is detailed. Reporting segments are those used by resource decision makers when determining budgets and financial control. Regarding County Durham and Darlington Fire and Rescue Authority, as the costs relate to one major type of service expenditure, segmental reporting is not identified.

### **7.11 Grant Income**

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2023/24:

	<b>2022/23 £000</b>	<b>2023/24 £000</b>
Private Finance Initiative	1,130	1,130
Central Government	2,300	2,221
<b>Credited to Services</b>	<b>3,430</b>	<b>3,351</b>
Revenue Support Grant	3,606	3,972
National Non-Domestic Rates	7,015	7,415
Small Business Rates Relief Grant	1,414	1,656
Services Grant	491	288
Capital Contributions	19	191
<b>Credited to Taxation and Non-Specific Grant Income</b>	<b>12,545</b>	<b>13,522</b>
<b>Total Grant Income</b>	<b>15,975</b>	<b>16,873</b>

### **7.12 Related Parties**

The Authority is required to disclose material transactions with related parties i.e., bodies or individuals that have the potential to control or influence or be controlled/ influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority may have been constrained in its ability to operate independently or might have secured the ability to limit another party’s ability to bargain freely with the Authority. Transactions should be disclosed where material to either the organisation or individual with whom the transaction has been incurred.

#### **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, provides 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 Departments are included within the Comprehensive Income & Expenditure Statement. An analysis of Government grants is shown above in Note 7.11.



## **NOTES TO CORE FINANCIAL STATEMENTS**

---

### **Members**

Members of the Authority have direct control over the Authority's financial and operating policies. Details of transactions relating to members' interests are recorded in the Register of Members' Interest which is accessible on the Authority's website. Following a review of the register and the Related Party Transactions Declarations, it was established that there were no material related party transactions involving members, bar those relating to the Community Interest Company and Vital Fire Solutions Limited, which is disclosed further below.

The total of members' allowances paid in 2023/24 is shown in Note 7.3.

Several Members of the Authority are also Members of Durham County Council and Darlington Borough Council. It is not considered that there have been any material transactions that could have been affected by this relationship.

### **Officers**

Helen Bradley is Clerk to the Authority and Head of Legal and Democratic Services for Durham County Council.

There were no related party transactions involving senior employees except those relating to the Community Interest Company and Vital Fire Solutions Limited which are disclosed further below.

### **Other Public Bodies**

Durham County Council administers the Durham County Council Pension Fund of which the Authority is a member.

Formal agreements are in place between the Authority and Durham County Council for the provision of legal services, financial services and technical services. The agreements are signed by both parties and regularly reviewed by the Authority's Director of Corporate Resources and Treasurer. The value of these agreements is £0.138m (2022/23: £0.141m).

The Authority obtains part of its income from precepts levied on the collection authorities in its area. During the year, transactions with related parties, excluding those disclosed elsewhere in the accounts, were as follows:

	<b>Precepts 2022/23 (Receipts) £000</b>	<b>Precepts 2023/24 (Receipts) £000</b>
Durham County Council	15,505	16,587
Darlington Borough Council	3,768	3,946
	<b>19,273</b>	<b>20,533</b>
Adjustment for share of Collection Fund	229	37
	<b>19,502</b>	<b>20,570</b>

## **NOTES TO CORE FINANCIAL STATEMENTS**

On 31 March 2023, the Authority owes Durham County Council £0.799m (2022/23: £0.475m) relating to amounts due from Council Taxpayers and £0.088m in respect of the Collection Fund (2022/23: £0.178m). Durham County Council owes the Authority £0.161m (2022/23: £0.201m) in respect of amounts due from Non-Domestic Rates Payers and £0.058m (2022/23 : £nil) in respect of the Collection Fund.

In addition, £0.581m (2022/23: £0.604m) is due to the Authority from Durham County Council relating to VAT claimed on the Authority's behalf.

At 31 March 2024, the Authority owes Darlington Borough Council £0.345m (2022/23: £0.353m) in respect of amounts due from Council Taxpayers and £0.078m (2022/23: £0.075m) in respect of the Collection Fund. Darlington Borough Council owes the Authority £0.036m (2022/23: £0.028m) in respect of amounts due from Non-Domestic Rate Payers.

### **County Durham and Darlington Community Interest Company**

In 2013/14, County Durham and Darlington Community Interest Company was incorporated and commenced trading during 2014/15. The Community Interest Company is a 100% owned subsidiary of the Authority. The Directors of the company are also senior managers and members of the Authority.

As at 31 March 2024, £nil (2022/23: £198) was due to the Fire Authority from the company in respect of management and administration recharges.

A summary of the company's accounts is shown in Note 7.13.

### **Vital Fire Solutions Limited**

In 2015/16, Vital Fire Solutions Limited was incorporated, and the Authority purchased £15,000 of share capital. The company is a 100% owned subsidiary of the Authority. The Directors of the company are also senior managers and members of the Authority.

As at 31 March 2024, £225,920 (2022/23: £201,828) was due to the Fire Authority from the company in respect of management and administration recharges. The Authority owes the company £nil (2022/23: £102) in respect of work carried out on its behalf and £nil (2022/23: £800) in respect of goods purchased on its behalf.

A summary of the company's accounts is shown in Note 7.14.

### **7.13 Community Interest Company**

The Fire Authority has set up a Community Interest Company for trading purposes. The company is registered as County Durham and Darlington Fire and Rescue Community Interest Company. The company is wholly owned by the Fire Authority.

The accounts of the company are summarised below.

Group Accounts have been produced for 2023/24 and are presented on pages 17 to 22 of this Statement of Accounts.

## NOTES TO CORE FINANCIAL STATEMENTS

	2022/23 £000	2023/24 £000
Turnover	1	5
Cost of Sales	-	-
<b>Gross Profit</b>	<b>1</b>	<b>5</b>
Administrative Expenses	-2	-6
Other Income	-	1
<b>Profit/(Loss) for the year before taxation</b>	<b>-1</b>	<b>-</b>
Tax on profit	-	-
<b>Profit/(Loss) for the financial year</b>	<b>-1</b>	<b>-</b>

### 7.14 Vital Fire Solutions Limited

The Fire Authority has created Vital Fire Solutions Limited for trading purposes. This is registered as a Limited Company and wholly owned by the Fire Authority, who purchased £15,000 of share capital.

The accounts of the company are summarised below.

Group Accounts have been produced for 2023/24 and are presented on pages 17 to 22 of this Statement of Accounts.

	2022/23 £000	2023/24 £000
Turnover	592	891
Cost of Sales	-332	-476
<b>Gross Profit</b>	<b>260</b>	<b>415</b>
Administrative Expenses	-265	-472
Other Income	3	9
<b>Profit/(Loss) for the year before taxation</b>	<b>-2</b>	<b>-48</b>
Tax on profit	-	-
<b>Profit/(Loss) for the financial year</b>	<b>-2</b>	<b>-48</b>

## 8 BALANCE SHEET

### 8.1 Intangible Assets

Intangible assets are assets that continue to provide an economic benefit to the Authority, but which do not have physical form.

The following shows the movement on intangible assets during the year:

	£000
<b>Original Cost</b>	<b>2</b>
Amortisations to 31 March 2023	-2
<b>Balance at 1 April 2023</b>	<b>-</b>
Expenditure in year	59
Disposals	-
Amortisation during year	-9
Amortisation on disposals	-
<b>Balance at 31 March 2024</b>	<b>50</b>

## NOTES TO CORE FINANCIAL STATEMENTS

Comparatives for 2022/23 are as follows:

	£000
<b>Original Cost</b>	<b>482</b>
Amortisations to 31 March 2022	-412
<b>Balance at 1 April 2022</b>	<b>70</b>
Expenditure in year	-
Disposals	-480
Amortisation during year	-44
Amortisation on disposals	454
<b>Balance at 31 March 2023</b>	<b>-</b>

### 8.2 Operational Assets

All valuations of buildings are undertaken by or under the supervision of a fully qualified Chartered Surveyor. Full fixed asset revaluations are undertaken once every five years, unless the changes in the BCIS index during the year would have a material impact on the asset portfolio. The most recent valuation of Land and Buildings is effective from 31 March 2024. These values have been used to determine the 31 March 2024 valuations. The last full valuation as part of the agreed 5 year rolling programme was previously undertaken in 2022/23. There have been no significant changes in the BCIS index in this financial year.

	Vehicles, Plant & Equipment £000	Land & Buildings £000	Surplus Assets £000	Total £000
<b>Cost or Valuation</b>				
At 1 April 2023	17,652	41,855	221	59,728
Additions	777	198	-	975
Derecognition - Disposals / Demolitions	-439	-	-	-439
Reclassifications	-	881	-	881
Assets reclassified as held for sale	-	-	-	-
Accumulated depreciation and impairment written off to GCA	-	-78	-	-78
Revaluation increases recognised in the Surplus on the Provision of Services	-	142	-	142
Revaluation decreases recognised in the Surplus on the Provision of Services	-	-163	-	-163
Revaluation increases recognised in the Revaluation Reserve	-	686	-	686
Revaluation decreases recognised in the Revaluation Reserve	-	-298	-	-298
At 31 March 2024	<b>17,990</b>	<b>43,223</b>	<b>221</b>	<b>61,434</b>
<b>Depreciation and Impairments</b>				
At 1 April 2023	-11,652	-2,716	-1	-14,369
Charge for 2023/24	-1,040	-277	-	-1,317
Derecognition - Disposals / Demolitions	408	-	-	408
Depreciation written off to GCA	-	78	-	78
Impairment written off to GCA	-	-	-	-
Impairment losses recognised in the Surplus on the Provision of Services	-	-	-	-
Impairment losses recognised in the Revaluation Reserve	-	-	-	-
At 31 March 2024	<b>-12,284</b>	<b>-2,915</b>	<b>-1</b>	<b>-15,200</b>
<b>Balance Sheet amount at 31 March 2024</b>	<b>5,706</b>	<b>40,308</b>	<b>220</b>	<b>46,234</b>
<b>Balance Sheet amount at 01 April 2023</b>	<b>6,000</b>	<b>39,139</b>	<b>220</b>	<b>45,359</b>

## NOTES TO CORE FINANCIAL STATEMENTS

Comparatives for 2022/23 are as follows:

	Vehicles, Plant & Equipment £000	Land & Buildings £000	Surplus Assets £000	Total £000
<b>Cost or Valuation</b>				
At 1 April 2022	17,386	40,547	24	57,957
Additions	510	167	-	677
Derecognition - Disposals / Demolitions	-244	-	-	-244
Reclassifications	-	-197	197	-
Assets reclassified as held for sale	-	-568	-	-568
Accumulated depreciation and impairment written off to GCA	-	-618	-	-618
Revaluation increases recognised in the Surplus on the Provision of Services	-	824	-	824
Revaluation decreases recognised in the Surplus on the Provision of Services	-	-432	-	-432
Revaluation increases recognised in the Revaluation Reserve	-	2,206	-	2,206
Revaluation decreases recognised in the Revaluation Reserve	-	-74	-	-74
At 31 March 2023	<b>17,652</b>	<b>41,855</b>	<b>221</b>	<b>59,729</b>
<b>Depreciation and Impairments</b>				
At 1 April 2022	-10,760	-2,430	-1	-13,191
Charge for 2022/23	-1,055	-904	-	-1,959
Derecognition - Disposals / Demolitions	163	-	-	163
Depreciation written off to GCA	-	618	-	618
Impairment written off to GCA	-	-	-	-
Impairment losses recognised in the Surplus on the Provision of Services	-	-	-	-
Impairment losses recognised in the Revaluation Reserve	-	-	-	-
At 31 March 2023	<b>-11,652</b>	<b>-2,716</b>	<b>-1</b>	<b>-14,369</b>
<b>Balance Sheet amount at 31 March 2023</b>	<b>6,000</b>	<b>39,139</b>	<b>220</b>	<b>45,359</b>
<b>Balance Sheet amount at 01 April 2022</b>	<b>6,626</b>	<b>38,117</b>	<b>23</b>	<b>44,766</b>

## NOTES TO CORE FINANCIAL STATEMENTS

The carrying value of operational assets is analysed according to the year in which they were valued as follows:

	Vehicles, Plant & Equipment £000	Land & Buildings £000	Surplus Assets £000	Total £000
Carried at historical cost	5,706	6,468	220	12,394
Valued at fair value as at 31 March 2023	-	2,901	-	2,901
Valued at fair value as at 31 March 2024	-	30,939	-	30,939
<b>Total Cost or Valuation</b>	<b>5,706</b>	<b>40,308</b>	<b>220</b>	<b>46,234</b>

### 8.3 Non-Operational Assets

	Assets Under Construction 2022/23 £000	Assets Under Construction 2023/24 £000
<b>Cost or valuation</b>		
At 1 April	-	279
Additions	279	1,082
Disposals	-	-
Reclassifications	-	-881
<b>At 31 March</b>	<b>279</b>	<b>480</b>
<b>Depreciation and impairments</b>		
At 1 April	-	-
Charge for year	-	-
Disposals	-	-
Reclassifications	-	-
Revaluation increases / (decreases) recognised in the Revaluation Reserve	-	-
<b>At 31 March</b>	<b>-</b>	<b>-</b>
<b>Balance Sheet amount at 31 March</b>	<b>279</b>	<b>480</b>
<b>Balance Sheet amount at 01 April</b>	<b>-</b>	<b>279</b>

### 8.4 Sources of Funds to Meet Capital Expenditure and Other Plans

Resources and borrowing estimated to arise in future years will be used to finance the Authority's approved capital programme which is subject to a rolling review.

### 8.5 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it.

The capital financing requirement represents that part of the value of Property, Plant and Equipment and Intangible Assets that is to be met from external borrowing and capital cash overdrawn.

## NOTES TO CORE FINANCIAL STATEMENTS

The requirement has decreased by £0.422m from £12.172m to £11.750m as follows:

	2022/23 £000	2023/24 £000
<b>Opening Capital Financing Requirement</b>	<b>12,579</b>	<b>12,172</b>
<b>Capital Investment</b>		
Property, Plant & Equipment	677	975
Non-Operational Assets	279	1,082
Intangible Assets	-	59
Donated Assets	-	-
<b>Sources of Finance</b>		
Capital Receipts	-7	-349
Government Grants and Contributions	-19	-191
Minimum Revenue Provision	-144	-140
Minimum Revenue Provision – PFI	-263	-282
Direct Revenue Provision	-930	-1,576
<b>Closing Capital Financing Requirement</b>	<b>12,172</b>	<b>11,750</b>
<b>Explanation of movements in the year</b>		
Reduction in underlying need to borrow (supported by Government financial assistant)	-407	-422
Increase in underlying need to borrow (unsupported by Government financial assistance)	-	-
<b>Increase/decrease (-) in Capital Financing Requirement</b>	<b>-407</b>	<b>-422</b>

### 8.6 Capital Commitments

Major capital commitments as at 31 March 2024 are shown in the table below:

	2022/23 £m	2023/24 £m
Wheatley Hill Fire Station Refurbishment	0.602	-
Station End Equipment	-	0.126
Control Project	-	0.250
Vehicles	-	0.037

### 8.7 Information on Assets Held

Details concerning assets held by the Fire and Rescue Authority are shown below:

Asset Type	Number as at 31 March 2023	Number as at 31 March 2024
Fire Stations	15	15
Standby Accommodation Blocks	2	1
Training Centre	1	1
Vehicles	133	138

## NOTES TO CORE FINANCIAL STATEMENTS

### 8.8 Assets Held for Sale

<b>Non-Current</b>	<b>2022/23</b>	<b>2023/24</b>
Balance outstanding at 1 April	-	568
Assets newly classified as held for sale (Property, Plant & Equipment)	568	-
Assets declassified as held for sale (Property, Plant & Equipment)	-	-
Assets Sold	-	-315
<b>Balance outstanding at 31 March</b>	<b>568</b>	<b>253</b>

### 8.9 Inventories

	<b>2022/23 £000</b>	<b>2023/24 £000</b>
Balance outstanding at 1 April	670	599
Purchases	607	703
Recognised as an expense in the year	-678	-681
<b>Balance outstanding at 31 March</b>	<b>599</b>	<b>621</b>
Provision for obsolete stock	-	-
<b>Balance outstanding at 31 March after provision</b>	<b>599</b>	<b>621</b>

### 8.10 Debtors

These are sums of money due to the Authority but unpaid as at 31 March 2024. The Authority seeks to recover sums due to it as soon as possible and actively pursues outstanding accounts rendered upon debtors.

Debtors have been reviewed for impairment and the provision for doubtful debts reflects any uncertainty about amounts receivable.

	<b>31 March 2023 £000</b>	<b>31 March 2024 £000</b>
<b>Amounts falling due within one year:</b>		
<b>Debtors</b>		
Government Departments	343	13
Other Local Authorities	1,167	893
Other Debtors	2,714	2,456
<b>Payments in Advance</b>	1,878	2,044
<b>Impairment for Doubtful Debts</b>	-	-
	<b>6,102</b>	<b>5,406</b>
<b>Amounts falling due after one year:</b>	-	-
	<b>6,102</b>	<b>5,406</b>



## NOTES TO CORE FINANCIAL STATEMENTS

### 8.11 Cash and Cash Equivalents

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

	31 March 2023 £000	31 March 2024 £000
Cash held by the Authority	5	4
Bank current accounts	589	158
Short term deposits with banks and building societies	2,113	3,317
<b>Total Cash and Cash Equivalents</b>	<b>2,707</b>	<b>3,479</b>

During the year information is provided to the Authority regarding short term deposits. In accordance with the Authority's adopted Treasury Policy Statement, the Authority is informed of transactions made with UK clearing banks, money markets and major building societies.

The accrued interest relating to short term deposits included in the figure above amounts to £16,994 as at 31 March 2024 (£13,367 as at 31 March 2023)

### 8.12 Creditors

These are amounts owed by the Authority for works done, goods received, or services rendered which have not been paid for as at 31 March 2024.

	31 March 2023 £000	31 March 2024 £000
<b>Creditors</b>		
Government Departments	748	455
Other Local Authorities	1,374	1,540
Other Creditors	2,165	2,009
<b>Receipts in Advance</b>	379	321
	<b>4,666</b>	<b>4,325</b>
<b>Short-term Borrowing</b>	86	87
	<b>4,752</b>	<b>4,412</b>

Accrued interest relating to short-term borrowing as at 31 March 2024 was £33,147 (£33,431 as at 31 March 2023)

### 8.13 Financial Instruments

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.

Under IFRS9, the Authority recognises expected losses for Financial Instruments, rather than actual losses. Any expected losses for 2023/24 are immaterial, and therefore, the Authority has elected not to reflect them in the financial statements, in accordance with CIPFA guidance.

## NOTES TO CORE FINANCIAL STATEMENTS

### Financial Instruments Balances

The carrying amount of financial instruments is shown below:

	31 March 2023 Long-term £000	31 March 2023 Current £000	31 March 2024 Long-term £000	31 March 2024 Current £000
<b>Financial Liabilities at amortised cost</b>				
PWLB Borrowing	4,886	86	4,832	87
Bank Overdraft	-	-	-	-
Trade Creditors	-	464	-	319
Other Creditors	-	1,640	-	1,473
Private Finance Initiative	5,953	282	5,652	300
<b>Total Borrowing</b>	<b>10,839</b>	<b>2,472</b>	<b>10,484</b>	<b>2,179</b>
<b>Loans and Receivables at amortised cost</b>				
Short-term Deposits	-	2,113	-	3,317
Bank Deposits	-	593	-	162
Long-term Debtors	-	-	-	-
Trade Debtors	-	838	-	498
Other Debtors	-	839	-	847
<b>Total Loans and Receivables at amortised cost</b>	<b>-</b>	<b>4,383</b>	<b>-</b>	<b>4,824</b>
<b>Loans and Receivables at FVPL</b>				
Long-term Investments	15	-	15	-
<b>Total Loans and Receivables</b>	<b>15</b>	<b>4,383</b>	<b>15</b>	<b>-</b>

### Financial Instruments Gains and Losses

The gains and losses recognised in the 2023/24 Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

2023/24	Financial Liabilities measured at Amortised Cost £000	Financial Assets Loans and Receivables £000
Interest expense	1,070	
Interest income		-450
Net gain(-)/loss for the year	<b>620</b>	

Comparative figures as at 31 March 2023 are as follows:

2022/23	Financial Liabilities measured at Amortised Cost £000	Financial Assets Loans and Receivables £000
Interest expense	1,001	
Interest income		-177
Net gain(-)/loss for the year	<b>824</b>	

## **NOTES TO CORE FINANCIAL STATEMENTS**

### **Nature and Extent of Risks Arising from Financial Instruments**

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority;
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments;
- Market risk – the possibility that financial loss might arise for the Authority because of changes in such measures as interest rates.

The Authority's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall, these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
  - the Authority's overall borrowing;
  - its maximum and minimum exposures to fixed and variable rates;
  - its maximum and minimum exposures the maturity structure of its debt;
  - its maximum annual exposures to investments maturing beyond a year;
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Authority's annual Council Tax setting budget. The items are reported within the annual Treasury Management Strategy that outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported annually to Members.

The Treasurer is responsible for implementing the policies outlined above. The Authority maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

#### **(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 to banks and financial institutions unless they meet the minimum requirements of the investment

## NOTES TO CORE FINANCIAL STATEMENTS

criteria outlined above. The Authority has a policy of not lending more than £4m to any one institution. Customers are assessed on their financial position, past experience and other factors.

### (b) Liquidity Risk

The Authority has a comprehensive cash flow management system which ensures cash is available as needed. As the Authority has ready access to borrowings from the PWLB, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The table in note 8.15 analyses the scheduled repayments of long-term borrowings over time.

### (c) Market Risk

The Authority has several strategies for managing interest rate risk. The Authority's policy is to aim to keep a maximum of 50% of its borrowing in variable rate loans. During periods of falling interest rates, fixed rate loans could be repaid early to limit exposure to losses. Any further reduction in interest rates would have a negligible impact on the interest earned on the Authority's investments.

## 8.14 Provisions

### Insurance Provision

An insurance provision has been established to meet the identified potential cost to the Authority of insurance policy excesses for claims of negligence from employees for personal injury sustained during their employment and from third parties for personal injury or damage to their property. This provision is based on the Insurance Company's estimates of outstanding claims and settlement of the claims is likely to be spread over several years.

### Provision for Non-Domestic Rates Appeals

A provision for Non-Domestic Rates appeals has been established to meet the identified potential costs to the Authority of appeals in relation to the valuations used in the calculation of Business Rates. The provision is based on the best estimate of the expenditure that will be required to settle successful appeals, and the settlement of these appeals may be spread over several years.

### Movement in Provisions

	<b>Insurance Provision £000</b>	<b>Non-Domestic Rates Appeals Provision £000</b>	<b>Total Provisions £000</b>
Balance at 1 April 2023	270	203	473
Additional provisions made in 2023/24	71	41	112
Amounts released in 2023/24	-80	-64	-144
Amounts used in 2023/24	-144	-	-144
Balance at 31 March 2024	<b>117</b>	<b>180</b>	<b>297</b>

## NOTES TO CORE FINANCIAL STATEMENTS

Comparatives for 2022/23 are as follows:

	<b>Insurance Provision £000</b>	<b>Non-Domestic Rates Appeals Provision £000</b>	<b>Total Provisions £000</b>
Balance at 1 April 2022	139	167	306
Additional provisions made in 2022/23	178	144	322
Amounts released in 2022/23	-	-	-
Amounts used in 2022/23	-47	-108	-155
Balance at 31 March 2023	<b>270</b>	<b>203</b>	<b>473</b>

### 8.15 Deferred Liabilities

The carrying amount of deferred liabilities is shown below:

	<b>31 March 2023 £000</b>	<b>31 March 2024 £000</b>
Debt	4,886	4,832
Private Finance Initiative (PFI)	5,953	5,654
Other lease arrangements	302	213
Deferred income – training centre	398	374
	<b>11,539</b>	<b>11,073</b>

Deferred liabilities disclosed within other lease arrangements relate to lease incentives for the Technical Services Centre and Headquarters buildings. These are accounted for as a deferred liability and released over the life of the lease.

Deferred income relates to the income received from Durham Police towards the Training Centre. This enables them to use the building for training purposes over a period of 26 years from 2015/16 and as such the income is treated as deferred and released to the Comprehensive Income and Expenditure Statement over the term of the agreement.

### Deferred Liability – Debt

During the year, the Authority took the decision to take out a new loan with the PWLB. The balances shown in the table below relates to long-term borrowings from the PWLB, further analysed as follows:

	<b>31 March 2023 £000</b>	<b>31 March 2024 £000</b>
Long-term Borrowings		
Repayable within 1-2 years	54	56
Repayable within 2-5 years	171	175
Repayable within 5-10 years	315	322
Repayable within 10 years	4,346	4,279
	<b>4,886</b>	<b>4,832</b>

## NOTES TO CORE FINANCIAL STATEMENTS

### 8.16 Private Finance Initiative (PFI) Scheme

The Authority has two community fire stations, which are financed by a Private Finance Initiative (PFI) Scheme. The stations at Bishop Auckland and Spennymoor became operational during 2010/11.

The PFI contract is for the design, construction and finance of the stations and their maintenance for 25 years after commencement of operations. At the end of this period the contractor is required to transfer the buildings to the Authority in a good state of repair and at nil cost.

In return for providing the buildings the contractor receives monthly payments from the Authority and the Government provides a specific grant over the life of the scheme.

The Authority's Balance Sheet includes both assets and liabilities arising from the contract.

#### The value of PFI assets at 31 March 2024

The Fire Stations were initially valued based on the capital expenditure provided for by the contractor in pricing the contract. Subsequently the stations were revalued based on depreciated replacement cost as an estimate of fair value, and these values are included in the Authority's Balance Sheet. The new valuations are being depreciated on a straight-line basis over 50 years.

Movements in the values in 2023/24 are summarised below:

	Bishop Auckland £000	Spennymoor £000	Total £000
Initial value of assets financed by contractor	4,638	4,133	8,771
Accumulated Revaluations	-66	1,161	1,095
Revaluations in 2023/24	96	111	207
<b>Gross Book Value after impairment</b>	<b>4,668</b>	<b>5,405</b>	<b>10,073</b>
Accumulated Depreciation	-380	-385	-765
2023/24 Depreciation	-38	-38	-76
Accumulated Depreciation written off	-	-	-
<b>Net Book Value at 31 March 2024</b>	<b>4,250</b>	<b>4,982</b>	<b>9,232</b>

Comparatives for 2022/23 are as follows:

	Bishop Auckland £000	Spennymoor £000	Total £000
Initial value of assets financed by contractor	4,638	4,133	8,771
Accumulated Revaluations	-174	785	611
Revaluations in 2022/23	108	376	484
<b>Gross Book Value after impairment</b>	<b>4,572</b>	<b>5,294</b>	<b>9,866</b>
Accumulated Depreciation	-345	-346	-691
2022/23 Depreciation	-102	-110	-212
Accumulated Depreciation written off	67	71	138
<b>Net Book Value at 31 March 2023</b>	<b>4,192</b>	<b>4,909</b>	<b>9,101</b>

## NOTES TO CORE FINANCIAL STATEMENTS

### The value of liabilities at 31 March 2024

The assets included in the Balance Sheet are offset by a liability equal to the initial value of the assets (the capital expenditure provided for by the contractor in pricing the contract). This liability is written down over the life of the contract by charging part of the annual payments to the contractor against the liability.

Movements in the values in 2023/24 are summarised below:

	2022/23 £000	2023/24 £000
Liability outstanding at 1 April	6,498	6,235
Less: Value of liability written down	-263	-282
<b>Liability outstanding at 31 March</b>	<b>6,235</b>	<b>5,953</b>

Estimates of future payments due:

Period	Repayment Liability £000	Interest £000	Service Charges £000	Lifecycle Replacement £000
2024/25	300	639	304	117
2025/26 to 2028/29	1,590	2,192	1,217	441
2029/30 to 2033/34	3,078	1,590	1,521	611
2034/35 to 2035/36	985	117	328	101
<b>Total</b>	<b>5,953</b>	<b>4,538</b>	<b>3,370</b>	<b>1,270</b>

The estimates do not include any allowance for inflation.

### 8.17 International Accounting Standard 19 (IAS19) Defined Benefit Pension Schemes

#### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments, that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in the following pension schemes:

- the Local Government Pension Scheme for corporate employees and fire control staff, administered by Durham County Council - this is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- the Firefighter's Pension Scheme for fire officers - this is an unfunded defined benefit scheme administered by County Durham and Darlington Fire and Rescue Authority, meaning that there are no investment assets built up to meet the pensions liabilities, and cash must be generated to meet actual pensions payments as they eventually fall due. Under the Firefighter's Pension Scheme Order 2006, if the amounts receivable by the pensions fund for the year are less than amounts payable, the Fire Authority must annually transfer an amount to meet the deficit to the pension fund.

## **NOTES TO CORE FINANCIAL STATEMENTS**

This cost is then met by Central Government. If, however, the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Fire Authority which then must repay the amount to Central Government.

### **Transactions Relating to Post-employment Benefits**

A November 2018 ruling on the legal case involving part time judges (O'Brien v MoJ) has a direct impact on the equivalent case for retained firefighters (Matthews). Home Office Ministers agreed to extend the pension entitlement to eligible retained firefighters to cover service pre-July 2000. The Memorandum of Understanding signed in March 2022 sets out the intended scope and operation of the options exercise required to enact remedy in this case. This options exercise will increase the pension entitlement for some current special retained members and also allow access to the scheme for additional historic retained firefighters. 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 by the actuary, The main assumptions are based on numbers eligible, eligible service period, actual to reference pay ratio, and take-up. As outlined, there is very significant uncertainty in this additional liability estimate and it is very likely that actual experience for the authority will be different to the assumptions we made. Any deficit on the pension fund arising from an increase in liability will be funded from a grant payment in the form of a central government top up grant.

The Authority recognises the costs of retirement benefits in the Net Cost of Services section of the Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

Claims have been made in relation in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Firefighters Pension Regulations 2015 and in December 2018 the Court of Appeal (McCloud / Sargeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination. The Government were unsuccessful in seeking permission to appeal this decision. The liability calculations have been updated to be in line with the agreed final remedy.

### **Firefighters' Pension Schemes**

The final remedy will apply to those members that were in active service on or prior to 31 March 2012 and on or after 1 April 2015. At retirement, these members will be given a choice in which scheme they wish to accrue benefits over the remedy period, 1 April 2015 to 31 March 2022. Due to the differing benefits structure, it is expected that the majority of eligible fire members will elect to take the legacy scheme benefits (1992 Scheme or 2006 Scheme) for the remedy period. From 1 April 2022, everyone is assumed to accrue benefits in the CARE scheme.

An allowance for McCloud remedy was first included in the 2018/19 disclosures as a past service cost for four years remedy service from 2015-2019. This past service cost was attributed proportionally 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 all McCloud related liabilities for eligible



## **NOTES TO CORE FINANCIAL STATEMENTS**

---

members for the period 2019 to 2022 have been moved to the associated legacy schemes. This means all McCloud liability are held within the legacy scheme where it is expected benefits 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. Now that all the McCloud-related liabilities have moved into the legacy schemes, contribution adjustments are being carried out by pension administrators to ensure affected members have paid the correct contributions for this portion of service. These adjustments can be positive or negative, depending on which schemes a member is moving between. In our accounting disclosures at 31 March 2024, any contributions adjustments made during 2023/24 have been allowed for as a past service cost or gain.

The impact of an increase in annual pension payments arising from McCloud / Sargeant is determined through The Firefighters Pension Scheme (England) Order 2006. These require a fire authority to maintain a pension fund into which employee and employer contributions are paid and out of which pension payments to retirees are made. If the pension fund does not have enough funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the fire authority in the form of a central government top-up grant.

### **LGPS**

Figures produced by the actuary last year included a McCloud 'underpin' liability within the current service cost, together with an allowance within the balance sheet reflecting service since the scheme reforms (2014 in England). The same approach has been adopted in the current financial year. It has been assumed that the remedy applies to all members in service on 1 April 2012, on retirement or prior withdrawal, and with extension to benefits payable to the dependants of those members. IAS19/FRS102 requires a best estimate value of liabilities and costs. Consistent with the approach adopted for the McCloud impact estimates made last year, and on the grounds of practicality and pragmatism the actuary has only considered the active membership data in the latest valuation (any potential liabilities for members who have left employment between the date of the scheme reforms and the latest valuation data are unlikely to be significant).

## NOTES TO CORE FINANCIAL STATEMENTS

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund via the Movement in Reserves Statement during the year:

2023/24	Local Government Pension Scheme £000	Fire Fighter's Pension Scheme £000	Total £000
<b>Comprehensive Income and Expenditure Statement</b>			
Cost of Services:			
Current service cost	762	1,990	2,752
Past service costs	58	-20	38
Financing and Investment Income and Expenditure:			
Net interest expense	189	14,340	14,529
Total Post Employment Benefits charged to the Surplus/ Deficit on the Provision of Services	1,009	16,310	17,319
Other Post Employment Benefits:			
Remeasurement of the net defined benefit liability comprising:			
Return on plan assets (excluding the amount included in the net interest expense)	-913	-	-913
Actuarial gains / losses (-) arising on changes in demographic assumptions	-479	-	-479
Actuarial gains / losses (-) arising on changes in financial assumptions	-1,161	-5,980	-7,141
Other	356	-3,164	-2,808
Total Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement	-2,197	-9,144	-11,341
<b>Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>-1,188</b>	<b>7,166</b>	<b>5,978</b>
<b>Movement in Reserves Statement</b>			
Reversal of net charges made to the Surplus/ Deficit for the Provision of Services for post-employment benefits in accordance with IAS19	<b>-1,009</b>	<b>-16,310</b>	<b>-17,319</b>
Actual amount charged against the General Fund Balance for pensions in the year:			
Employer's contributions payable to the scheme	748	4,036	4,784
Retirement benefits payable to pensioners	2	580	582

## **NOTES TO CORE FINANCIAL STATEMENTS**

The comparative figures for 2022/23 are:

2022/23	Local Government Pension Scheme £000	Fire Fighter's Pension Scheme £000	Total £000
<b>Comprehensive Income and Expenditure Statement</b>			
Cost of Services:			
Current service cost	1,447	6,790	8,237
Past service costs	40	-	40
Financing and Investment Income and Expenditure:			
Net interest expense	400	11,210	11,610
Total Post Employment Benefits charged to the Surplus/ Deficit on the Provision of Services	1,887	18,000	19,887
Other Post Employment Benefits:			
Remeasurement of the net defined benefit liability comprising:			
Return on plan assets (excluding the amount included in the net interest expense)	2,216	-	2,216
Actuarial gains / losses (-) arising on changes in demographic assumptions	68	-12,420	-12,352
Actuarial gains / losses (-) arising on changes in financial assumptions	-17,540	-128,760	-146,300
Other	3,488	15,174	18,662
Total Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement	-11,768	-126,006	-137,774
<b>Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>-9,881</b>	<b>-108,006</b>	<b>-117,887</b>
<b>Movement in Reserves Statement</b>			
Reversal of net charges made to the Surplus/ Deficit for the Provision of Services for post-employment benefits in accordance with IAS19	<b>-1,887</b>	<b>-18,000</b>	<b>-19,887</b>
Actual amount charged against the General Fund Balance for pensions in the year:			
Employer's contributions payable to the scheme	1	530	531
Retirement benefits payable to pensioners			

The cumulative amount of actuarial losses to 31 March 2024 is £58.78m (2022/23 £47.48m), made up as follows:

- Local Government Pension Scheme £8.6m (2022/23 £6.45m)
- Firefighter's Pension Scheme £50.18m (2022/23 £41.03m)

## **NOTES TO CORE FINANCIAL STATEMENTS**

### **Basis for Estimating Assets and Liabilities in relation to Post-employment Benefits**

Liabilities have been assessed on an actuarial basis using the projected unit credit method; an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Firefighter's Scheme and the County Council Fund liabilities have been assessed by independent actuaries; estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2019.

The pension increase assumption as at 31 March 2024 is based on the Consumer Price Index (CPI) expectation of inflation. This is a consequence of the Government's announcement that CPI is to be used for the indexation of public service pensions from April 2011.

Under IAS19, any obligation arising from long-term employee benefits that depend upon length of service need to be recognised when service is rendered. As injury awards under the Firefighter's schemes are dependent on service, the liability expected to arise due to injury awards has been valued in respect of service prior to the valuation date. The liability arising from injury awards has been restated for previous years.

The principal assumptions used by the actuary for the periods 2022/23 and 2023/24 are shown in the tables below:

2023/24	Local Government Funded Pension Scheme	Local Government Unfunded Pension Scheme	Firefighter's Pension Scheme
<b>Mortality assumptions:</b>			
Longevity at 65 for current pensioners:			
• Men	21.7	21.7	21.3
• Women	24.0	24.0	21.3
Longevity at 65 for future pensioners:			
• Men	23.0	n/a	22.9
• Women	25.1	n/a	22.9
Rate of Inflation:			
• CPI	2.6	2.6	2.6
Rate of increase in salaries	3.6	n/a	3.85
Rate of increase to pensions in payment	2.6	2.6	2.6
Rate of increase to deferred pensions	2.6	n/a	2.6
Rate for discounting scheme liabilities	4.8	4.8	4.75
Take-up of option to convert annual pension into retirement lump sum:			
• Including any accrued lump sum from pre 2008 service	85	n/a	n/a

2022/23	Local Government Funded Pension Scheme	Local Government Unfunded Pension Scheme	Firefighter's Pension Scheme
<b>Mortality assumptions:</b>			
Longevity at 65 for current pensioners:			
• Men	22.2	22.2	21.2
• Women	24.4	24.4	21.2
Longevity at 65 for future pensioners:			
• Men	23.5	n/a	22.9
• Women	25.5	n/a	22.9
Rate of Inflation:			
• CPI	2.70	2.70	2.60
Rate of increase in salaries	3.70	n/a	3.85
Rate of increase to pensions in payment	2.70	2.70	2.60
Rate of increase to deferred pensions	2.70	n/a	2.60
Rate for discounting scheme liabilities	4.70	4.70	4.65
Take-up of option to convert annual pension into retirement lump sum:			
• Including any accrued lump sum from pre 2008 service	85	n/a	n/a

## NOTES TO CORE FINANCIAL STATEMENTS

The Firefighter's Pension Scheme has no assets to cover its liabilities. The Authority employs a building block approach in determining the rate of return on the Local Government Pension Scheme's assets. Historical markets are studied and assets with high volatility are assumed to generate higher returns consistent with widely accepted capital market principles.

The weighted average duration of the defined benefit obligation is 15 years for Firefighter Pension Scheme and 18 years for the Local Government Pension Scheme.

### (i) Firefighter's Pension Scheme

#### Past Service Liabilities

The past service liabilities for 2023/24 are:

	1992 Scheme £m	Injury Awards £m	2006 Scheme £m	2015 Scheme £m	Total £m
Estimated liabilities in scheme					
Active members (past service)	59.05	0.88	12.31	16.44	88.68
Deferred pensions	5.69	-	1.41	0.38	7.48
Pensions in Payment (injury awards)	-	6.67	0.37	-	7.04
Pensions in Payment (excluding injury)	202.77	-	2.46	7.19	212.42
Retained Settlement	-	-	-	-	-
<b>Total</b>	<b>267.51</b>	<b>7.55</b>	<b>16.55</b>	<b>24.01</b>	<b>315.62</b>
Net pensions deficit	267.51	7.55	16.55	24.01	315.62

The comparative figures for 2022/23 are:

	1992 Scheme £m	Injury Awards £m	2006 Scheme £m	2015 Scheme £m	Total £m
Estimated liabilities in scheme					
Active members (past service)	78.71	1.09	12.06	17.91	109.77
Deferred pensions	7.11	-	1.29	0.47	8.87
Pensions in Payment (injury awards)	-	7.01	-	-	7.01
Pensions in Payment (excluding injury)	183.24	-	0.30	1.43	184.97
Retained Settlement	-	-	2.45	-	2.45
<b>Total</b>	<b>269.06</b>	<b>8.10</b>	<b>16.10</b>	<b>19.81</b>	<b>313.07</b>
Net pensions deficit	269.06	8.10	16.10	19.81	313.07

The comparative figures for 2021/22 are:

	1992 Scheme £m	Injury Awards £m	2006 Scheme £m	2015 Scheme £m	Total £m
Estimated liabilities in scheme					
Active members (past service)	109.55	1.76	19.63	47.03	177.97
Deferred pensions	11.1	-	2.38	0.97	14.45
Pensions in Payment (injury awards)	-	9.02	-	-	9.02
Pensions in Payment (excluding injury)	218.27	-	0.35	2.09	220.71
Retained Settlement	-	-	3.33	-	3.33
<b>Total</b>	<b>338.92</b>	<b>10.78</b>	<b>25.69</b>	<b>50.09</b>	<b>425.48</b>
Net pensions deficit	338.92	10.78	25.69	50.09	425.48

## **NOTES TO CORE FINANCIAL STATEMENTS**

### **Analysis of Movement in Gross Scheme Liabilities**

<b>2023/24</b>	<b>1992 Scheme £m</b>	<b>Injury Awards £m</b>	<b>2006 Scheme £m</b>	<b>2015 Scheme £m</b>	<b>Total £m</b>
<b>Net deficit at the start of current year</b>	<b>269.06</b>	<b>8.10</b>	<b>16.10</b>	<b>19.81</b>	<b>313.07</b>
<b>Movement in the year:</b>					
Current service cost (net of employee contributions)	0.06	0.07	-	1.86	1.99
Cost covered by employee contributions	-	-	-	1.71	1.71
Past service cost	-0.02	-	-	-	-0.02
Pension Transfers	-	-	-	-	-
Interest on pension liabilities	12.23	0.37	0.75	0.99	14.34
Total benefits paid	-12.25	-0.50	-0.14	-0.61	-13.50
Curtailement and settlements	-	-	-	-	-
Actuarial gain (-)/loss – demographic assumptions	-	-	-	-	-
Actuarial gain (-)/loss – financial assumptions	-4.70	-0.14	-0.31	-0.83	-5.98
Actuarial gain (-)/loss – other	3.13	-0.35	0.15	1.08	4.01
<b>Net deficit at the end of year</b>	<b>267.51</b>	<b>7.55</b>	<b>16.55</b>	<b>24.01</b>	<b>315.62</b>

The comparative figures for 2022/23 are:

<b>2022/23</b>	<b>1992 Scheme £m</b>	<b>Injury Awards £m</b>	<b>2006 Scheme £m</b>	<b>2015 Scheme £m</b>	<b>Total £m</b>
<b>Net deficit at the start of current year</b>	<b>338.92</b>	<b>10.78</b>	<b>25.69</b>	<b>50.09</b>	<b>425.48</b>
<b>Movement in the year:</b>					
Current service cost (net of employee contributions)	-	0.17	-0.03	6.65	6.79
Cost covered by employee contributions	-	-	0.03	1.65	1.68
Past service cost	9.00	-	1.39	-10.39	-
Pension Transfers	-	-	-	0.05	0.05
Interest on pension liabilities	8.93	0.28	0.70	1.30	11.21
Total benefits paid	-13.08	-0.74	-0.12	-0.18	-14.12
Curtailement and settlements	-	-	-	-	-
Actuarial gain (-)/loss – demographic assumptions	-5.69	-0.18	-1.40	-5.15	-12.42
Actuarial gain (-)/loss – financial assumptions	-90.30	-2.68	-11.03	-24.75	-128.76
Actuarial gain (-)/loss – other	21.28	0.47	0.87	0.54	23.16
<b>Net deficit at the end of year</b>	<b>269.06</b>	<b>8.10</b>	<b>16.10</b>	<b>19.81</b>	<b>313.07</b>

## NOTES TO CORE FINANCIAL STATEMENTS

### Analysis of Movement in Scheme Assets

	1992 Scheme £m	Injury Awards £m	2006 Scheme £m	2015 Scheme £m	Total £m
<b>Opening fair value of asset</b>	-	-	-	-	-
<b>Movement in the year:</b>					
Interest income	-	-	-	-	-
The return on plan assets, excluding the amount included in the net interest expense	-	-	-	-	-
Other	-12.16	-	-0.14	5.12	-7.18
Contributions by employer	-0.09	-0.50	-	-4.02	-4.61
Contributions by participants	-	-	-	-1.71	-1.71
Net benefits paid out	12.25	0.50	0.14	0.61	13.50
<b>Closing fair value of assets</b>	-	-	-	-	-

The comparative figures for 2022/23 are:

	1992 Scheme £m	Injury Awards £m	2006 Scheme £m	2015 Scheme £m	Total £m
<b>Opening fair value of asset</b>	-	-	-	-	-
<b>Movement in the year:</b>					
Interest income	-	-	-	-	-
The return on plan assets, excluding the amount included in the net interest expense	-	-	-	-	-
Other	-13.08	-	-0.09	5.13	-8.04
Contributions by employer	-	-0.74	-	-3.71	-4.45
Contributions by participants	-	-	-0.03	-1.60	-1.63
Net benefits paid out	13.08	0.74	0.12	0.18	14.12
<b>Closing fair value of assets</b>	-	-	-	-	-

## NOTES TO CORE FINANCIAL STATEMENTS

### Analysis of Movement in Net Obligations

	1992 Scheme £m	Injury Awards £m	2006 Scheme £m	2015 Scheme £m	Total £m
<b>Net deficit at the start of current year</b>	<b>269.06</b>	<b>8.10</b>	<b>16.10</b>	<b>19.81</b>	<b>313.07</b>
<b>Movement in the year:</b>					
Current service cost (net of employee contributions)	0.06	0.07	-	1.86	1.99
Contributions by employer	-0.09	-0.50	-	-4.02	-4.61
Contributions by participants	-	-	-	-	-
Past service cost	-0.02	-	-	-	-0.02
Pension transfers	-	-	-	-	-
Interest on net defined benefit liability	12.23	0.37	0.75	0.99	14.34
Return on plan assets in excess of/ below that recognised in net interest	-	-	-	-	-
Actuarial gain (-)/loss – change in financial assumptions	-4.70	-0.14	-0.31	-0.83	-5.98
Actuarial gain (-)/loss – change in demographic assumptions	-	-	-	-	-
Actuarial gain (-)/ loss - other	-9.03	-0.35	0.01	6.20	-3.17
Net benefits paid	-	-	-	-	-
<b>Net deficit at the end of year</b>	<b>267.51</b>	<b>7.55</b>	<b>16.55</b>	<b>24.01</b>	<b>315.62</b>

The comparative figures for 2022/23 are:

	1992 Scheme £m	Injury Awards £m	2006 Scheme £m	2015 Scheme £m	Total £m
<b>Net deficit at the start of current year</b>	<b>338.92</b>	<b>10.78</b>	<b>25.69</b>	<b>50.09</b>	<b>425.48</b>
<b>Movement in the year:</b>					
Current service cost (net of employee contributions)	-	0.17	-0.03	6.65	6.79
Contributions by employer	-	-0.74	-	-3.71	-4.45
Contributions by participants	-	-	-	0.05	0.05
Past service cost	9.00	-	1.39	-10.39	-
Pension transfers	-	-	-	0.05	0.05
Interest on net defined benefit liability	8.93	0.28	0.70	1.30	11.21
Return on plan assets in excess of/ below that recognised in net interest	-	-	-	-	-
Actuarial gain (-)/loss – change in financial assumptions	-90.30	-2.68	-11.03	-24.75	-128.76
Actuarial gain (-)/loss – change in demographic assumptions	-5.69	-0.18	-1.40	-5.15	-12.42
Actuarial gain (-)/ loss - other	8.20	0.47	0.78	5.67	15.12
Net benefits paid	-	-	-	-	-
<b>Net deficit at the end of year</b>	<b>269.06</b>	<b>8.10</b>	<b>16.10</b>	<b>19.81</b>	<b>313.07</b>



## NOTES TO CORE FINANCIAL STATEMENTS

### (ii) Durham County Council Pension Fund

#### Analysis of Movement in Gross Scheme Liabilities

2023/24	Funded £m	Unfunded £m	Total £m
<b>Opening Present Value of Liabilities</b>	<b>31.22</b>	<b>0.02</b>	<b>31.25</b>
Current service cost (net of employee contributions)	0.76	-	0.76
Interest cost	1.45	-	1.45
Contributions from scheme participants	0.27	-	0.27
Remeasurement gains (-)/ losses:			
• Actuarial gains/ losses arising from changes in demographic assumptions	-0.48	-	-0.48
• Actuarial gains/ losses arising from changes in financial assumptions	-1.16	-	-1.16
• Other	0.41	-0.01	0.40
Past service costs	0.06	-	0.06
Benefits paid	-1.22	-	-1.22
<b>Closing present value of liabilities</b>	<b>31.31</b>	<b>0.01</b>	<b>31.32</b>

The comparative figures for 2022/23 are:

2022/23	Funded £m	Unfunded £m	Total £m
<b>Opening Present Value of Liabilities</b>	<b>43.56</b>	<b>0.02</b>	<b>43.58</b>
Current service cost (net of employee contributions)	1.45	-	1.45
Interest cost	1.17	-	1.17
Contributions from scheme participants	0.23	-	0.23
Remeasurement gains (-)/ losses:			
• Actuarial gains/ losses arising from changes in demographic assumptions	0.07	-	0.07
• Actuarial gains/ losses arising from changes in financial assumptions	-17.54	-	-17.54
• Other	3.32	-	3.32
Past service costs	0.04	-	0.04
Benefits paid	-1.08	-	-1.08
<b>Closing present value of liabilities</b>	<b>31.22</b>	<b>0.02</b>	<b>31.24</b>

## NOTES TO CORE FINANCIAL STATEMENTS

### Analysis of Movement in Scheme Assets

Reconciliation of fair value of the scheme assets:

2023/24	Funded £m	Unfunded £m	Total £m
<b>Opening fair value</b>	<b>26.84</b>	-	<b>26.84</b>
Interest income	1.26	-	1.26
Remeasurement gain/loss:			
• The return on plan assets (excluding the amount included in net interest expense)	0.91	-	0.91
• Other	-	-	-
Contributions from employer	0.80	-	0.80
Contributions by employees into the scheme	0.27	-	0.27
Benefits paid	-1.22	-	-1.22
<b>Closing fair value</b>	<b>28.86</b>	-	<b>28.86</b>

The comparative figures for 2022/23 are:

2022/23	Funded £m	Unfunded £m	Total £m
<b>Opening fair value</b>	<b>28.43</b>	-	<b>28.43</b>
Interest income	0.77	-	0.77
Remeasurement gain/loss:			
• The return on plan assets (excluding the amount included in net interest expense)	-2.22	-	-2.22
• Other	-	-	-
Contributions from employer	0.71	-	0.71
Contributions by employees into the scheme	0.23	-	0.23
Benefits paid	-1.08	-	-1.08
<b>Closing fair value</b>	<b>26.84</b>	-	<b>26.84</b>

The actual return on scheme assets in the year was a gain of £2.17m (2022/23: £1.45m loss)

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

## NOTES TO CORE FINANCIAL STATEMENTS

### Fair Value of Scheme Assets

The Local Government Pension Scheme assets are comprised of the following categories:

	2023/24 Quoted £m	2023/24 Unquoted £m	2023/24 Total £m	2022/23 Quoted £m	2022/23 Unquoted £m	2022/23 Total £m
Equity Investments	13.71	1.96	15.67	13.02	1.40	14.41
Property	0.40	1.50	1.90	0.38	1.72	2.09
Government Bonds	2.97	-	2.97	3.41	-	3.41
Corporate Bonds	2.77	-	2.77	1.18	-	1.18
Multi Asset Credit	4.39	-	4.39	4.05	-	4.05
Cash	0.52	-	0.52	0.48	-	0.48
Other	0.63	-	0.63	1.21	-	1.21
<b>Total</b>	<b>25.40</b>	<b>3.46</b>	<b>28.86</b>	<b>23.73</b>	<b>3.11</b>	<b>26.84</b>

### Analysis of Movement in Net Obligations

2023/24	Funded £m	Unfunded £m	Total £m
<b>Net deficit at the beginning of year</b>	<b>4.38</b>	<b>0.02</b>	<b>4.40</b>
Current service cost	0.76	-	0.76
Contributions towards funded liabilities	-0.80	-	-0.80
Past service cost	0.06	-	0.06
Interest on net defined benefit liability	0.19	-	0.19
Return on plan assets in excess of/ below that recognised in net interest	-0.91	-	0.91
Actuarial gains/ losses due to changes in financial assumptions	-1.16	-	-1.16
Actuarial gains/ losses due to changes in demographic assumptions	-0.48	-	-0.48
Actuarial gains/ losses due to other changes	0.41	-0.01	0.40
<b>Net deficit at the end of year</b>	<b>2.45</b>	<b>0.01</b>	<b>2.46</b>

The comparative figures for 2022/23 are:

2022/22	Funded £m	Unfunded £m	Total £m
<b>Net deficit at the beginning of year</b>	<b>15.13</b>	<b>0.02</b>	<b>15.15</b>
Current service cost	1.45	-	1.45
Contributions towards funded liabilities	-0.71	-	-0.71
Past service cost	0.04	-	0.04
Interest on net defined benefit liability	0.40	-	0.40
Return on plan assets in excess of/ below that recognised in net interest	2.22	-	2.22
Actuarial gains/ losses due to changes in financial assumptions	-17.54	-	-17.54
Actuarial gains/ losses due to changes in demographic assumptions	0.07	-	0.07
Actuarial gains/ losses due to other changes	3.32	-	3.32
<b>Net deficit at the end of year</b>	<b>4.38</b>	<b>0.02</b>	<b>4.40</b>

## NOTES TO CORE FINANCIAL STATEMENTS

### Scheme History for the Firefighter Pension Schemes and the Local Government Pension Scheme

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
<b>Present value of liabilities:</b>					
Local Government Pension Scheme	34.98	44.99	43.58	31.23	31.32
Firefighter's Pension Scheme	390.26	416.52	425.48	313.07	315.62
<b>Total Present Value of Liabilities</b>	<b>425.24</b>	<b>461.51</b>	<b>469.06</b>	<b>344.30</b>	<b>346.94</b>
<b>Fair value of assets</b>					
Local Government Pension Scheme	21.53	27.35	28.43	26.84	28.86
Firefighter's Pension Scheme	-	-	-	-	-
<b>Total Fair Value of Assets</b>	<b>21.53</b>	<b>27.35</b>	<b>28.43</b>	<b>26.84</b>	<b>28.86</b>
<b>Surplus/ deficit (-) in the scheme:</b>					
Local Government Pension Scheme	-13.45	-17.64	-15.15	-4.40	-2.46
Firefighter's Pension Scheme	-390.26	-416.52	-425.48	-313.07	-315.62
<b>Total Deficit</b>	<b>-403.71</b>	<b>-434.16</b>	<b>-440.63</b>	<b>-317.47</b>	<b>-318.08</b>

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £318.083m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £277.327m. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains unaffected:

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

### Employer Contributions

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2025 are £0.791m. Expected contributions to the Firefighter's Pension Scheme in the year to 31 March 2025 are £4.836m.

## **NOTES TO CORE FINANCIAL STATEMENTS**

### **8.18 Reserves**

The Authority holds several reserves on the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practices, and others have been set up voluntarily to earmark resources for future spending plans.

The movement in reserves is set out in the following table:

Reserve	Balance 1 April 2023 £000	Net Movement in Year £000	Balance 31 March 2024 £000	Purpose of Reserve	Further details of Movement
<b>Usable Reserves</b>					
General Fund	1,605	168	1,773	Resources available to meet future running costs	Movement in Reserves Statement
Earmarked Reserves	3,902	330	4,232	Detailed below	Note 8.20 to the accounts
Capital Grants Unapplied	-	-	-	Grants to be used to finance capital expenditure in future years	Movement in Reserves Statement
Capital Receipts Unapplied	-	-	-	Receipts from the sale of capital assets to be used to finance capital expenditure in future years	Movement in Reserves Statement
<b>Total Usable Reserves</b>	<b>5,507</b>	<b>498</b>	<b>6,005</b>		
<b>Unusable Reserves</b>					
Revaluation Reserve	11,605	364	11,969	Gains on revaluation of Property, Plant and Equipment not yet realised through sales	Note 8.21 (i) to the accounts
Capital Adjustment Account	22,068	868	22,936	Capital resources set aside to meet capital expenditure	Note 8.21 (ii) to the accounts
Collection Fund Adjustment Account	-253	144	-109	Share of Collection Fund Balance outstanding	Note 8.21 (iii) to the accounts
Pensions Reserve (IAS19)	-317,471	-612	-318,083	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	Note 8.21 (iv) to the accounts
Short-term Accumulating Absences	-63	18	-45	Balancing account to allow inclusion of employee's liability in the Balance Sheet	Note 8.21 (v) to the accounts
<b>Total Unusable Reserves</b>	<b>-284,114</b>	<b>782</b>	<b>-283,332</b>		
<b>Total Reserves</b>	<b>-278,607</b>	<b>1,280</b>	<b>-277,327</b>		

## **NOTES TO CORE FINANCIAL STATEMENTS**

Comparatives for 2022/23 are as follows:

Reserve	Balance 1 April 2022 £000	Net Movement in Year £000	Balance 31 March 2023 £000	Purpose of Reserve	Further details of Movement
<b>Usable Reserves</b>					
General Fund	1,510	95	1,605	Resources available to meet future running costs	Movement in Reserves Statement
Earmarked Reserves	4,240	-338	3,902	Detailed below	Note 8.20 to the accounts
Capital Grants Unapplied	-	-	-	Grants to be used to finance capital expenditure in future years	Movement in Reserves Statement
Capital Receipts Unapplied	-	-	-	Receipts from the sale of capital assets to be used to finance capital expenditure in future years	Movement in Reserves Statement
<b>Total Usable Reserves</b>	<b>5,750</b>	<b>-243</b>	<b>5,507</b>		
<b>Unusable Reserves</b>					
Revaluation Reserve	9,686	1,919	11,605	Gains on revaluation of Property, Plant and Equipment not yet realised through sales	Note 8.21 (i) to the accounts
Capital Adjustment Account	22,210	-142	22,068	Capital resources set aside to meet capital expenditure	Note 8.21 (ii) to the accounts
Collection Fund Adjustment Account	-664	411	-253	Share of Collection Fund Balance outstanding	Note 8.21 (iii) to the accounts
Pensions Reserve (IAS19)	-440,628	123,157	-317,471	Balancing account to allow inclusion of Pensions Liability in the Balance Sheet	Note 8.21 (iv) to the accounts
Short-term Accumulating Absences	-69	6	-63	Balancing account to allow inclusion of employee's liability in the Balance Sheet	Note 8.21 (v) to the accounts
<b>Total Unusable Reserves</b>	<b>-409,465</b>	<b>125,351</b>	<b>-284,114</b>		
<b>Total Reserves</b>	<b>-403,715</b>	<b>125,108</b>	<b>-278,607</b>		

## **NOTES TO CORE FINANCIAL STATEMENTS**

### **8.19 Movement in Earmarked Reserves**

The following contributions have been made to / from (-) the earmarked reserves:

	<b>1 April 2023 £000</b>	<b>Increase / decrease (-) in year £000</b>	<b>31 March 2024 £000</b>
Pensions	500	-	500
Community Safety	84	-2	82
Insurance	285	-	285
Civil Resilience (New Dimensions)	-	-	-
Resilience	1,000	-	1,000
Modernisation	862	378	1,240
ESMCP	599	-534	65
New Risks	-	-	-
Training	200	-	200
Strategic Finance –Funding Pressures	372	-46	326
IT Projects	-	534	534
<b>Total</b>	<b>3,902</b>	<b>330</b>	<b>4,232</b>

Comparatives for 2022/23 are as follows:

	<b>1 April 2022 £000</b>	<b>Increase / decrease (-) in year £000</b>	<b>31 March 2023 £000</b>
Pensions	500	-	500
Community Safety	166	-82	84
Insurance	285	-	285
Civil Resilience (New Dimensions)	39	-39	-
Resilience	1,000	-	1,000
Modernisation	862	-	862
ESMCP	625	-26	599
New Risks	29	-29	-
Training	200	-	200
Strategic Finance –Funding Pressures	466	-94	372
IT Projects	68	-68	-
<b>Total</b>	<b>4,240</b>	<b>-338</b>	<b>3,902</b>

### **8.20 Earmarked Reserves**

Earmarked reserves at 31 March 2024 were as follows:

#### **Pensions Reserve**

To meet any unforeseen pension costs which may arise because of changes to pension schemes.

#### **Modernisation Reserve**

To meet any one-off costs associated with service transformation.

#### **Community Safety Reserve**

To enable specific community safety improvements to be undertaken.

## **NOTES TO CORE FINANCIAL STATEMENTS**

---

### **Insurance**

To meet any unexpected increase in the level of excesses paid on insurance claims.

### **Resilience Reserve**

To fund continuity of service provision, following an unforeseen event.

### **Emergency Services Mobile Communications Programme (ESMCP)**

The balance of unspent grant, earmarked to fund the replacement mobile communications systems.

### **Training**

The balance of unspent funding, to fund future training programmes.

### **Strategic Finance – Funding Pressures**

To fund continuity of service provision, in the event of future funding pressures.

### **IT Projects**

To fund future Information Technology Projects.

## **8.21 Unusable Reserves**

### **(i) Revaluation Reserve**

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

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

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

	<b>2022/23 £000</b>	<b>2023/24 £000</b>
Opening Balance at 1 April	<b>9,686</b>	<b>11,605</b>
Revaluation gains/losses	2,132	388
Excess of current cost depreciation	-213	-24
Balance written off on disposal of asset	-	-
Closing Balance at 31 March	<b>11,605</b>	<b>11,969</b>

### **(ii) Capital Adjustment Account**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert



## **NOTES TO CORE FINANCIAL STATEMENTS**

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 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

	<b>2022/23 £000</b>	<b>£000</b>	<b>2023/24 £000</b>	<b>£000</b>
<b>Opening Balance at 1 April</b>		<b>22,210</b>		<b>22,068</b>
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement				
Charges for depreciation, impairment and downward revaluations of non-current assets	-1,567		-1,339	
Amortisation of intangible assets	-44		-9	
Revenue Expenditure funded from Capital under Statute	-		-	
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-107		-346	
		-1,718		-1,694
Adjusting amounts written out of the Revaluation Reserve		213		24
Net written out amount of the cost of non-current assets consumed in the year		-1,505		-1,670
Capital financing applied in the year				
Use of Capital Receipts Reserve to finance new capital expenditure	7		349	
Application of grants to capital financing from the Capital Grants Unapplied Account	-		-	
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement	19		191	
Statutory provision for the financing for capital investment charged against the General Fund	407		422	
Capital expenditure charged against the General Fund	930		1,576	
		1,363		2,538
<b>Closing Balance at 31 March</b>		<b>22,068</b>		<b>22,936</b>

## NOTES TO CORE FINANCIAL STATEMENTS

### (iii) Collection Fund Adjustment

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

	2022/23 £000	2023/24 £000
<b>Opening Balance at 1 April</b>	<b>-664</b>	<b>-253</b>
Amount by which Council Tax and Non-Domestic Rates income credited to the Comprehensive Income and Expenditure Statement is different from the council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	411	144
<b>Closing Balance at 31 March</b>	<b>-253</b>	<b>-109</b>

### (iv) Pensions Reserve (IAS 19)

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

	2022/23 £000	2023/24 £000
<b>Opening Balance at 1 April</b>	<b>-440,628</b>	<b>-317,471</b>
Remeasurements of the net defined benefit liability/ asset (-)	137,774	11,341
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-19,887	-17,319
Employers pension contributions and direct payments to pensioners payable in the year	5,270	5,366
<b>Closing Balance at 31 March</b>	<b>-317,471</b>	<b>-318,083</b>

## **NOTES TO CORE FINANCIAL STATEMENTS**

---

### **(v) Short-term Accumulating Absences**

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

	<b>2022/23 £000</b>	<b>2023/24 £000</b>
<b>Opening Balance at 1 April</b>	<b>-69</b>	<b>-63</b>
Settlement or cancellation of accrual made at the year end of the preceding year	69	63
Amounts accrued at the end of the current year	-63	-45
<b>Closing Balance at 31 March</b>	<b>-63</b>	<b>-45</b>

### **8.22 General Reserve**

The net accumulated unapplied General Fund Revenue balance is £1.773m as at 31 March 2024 which equates to 5% of the 2022/23 Net Expenditure Budget. This is in line with the Authority's policy on reserves which is to maintain a General Reserve of 5% of the Net Expenditure Budget for the short to medium term.

### **8.23 Contingent Assets and Contingent Liabilities**

- **Contingent Liability - Subsidiary Companies**

The Fire Authority has provided a financial guarantee to its subsidiary companies; County Durham and Darlington Fire and Rescue Community Interest Company and Vital Fire Solutions Limited. As there is no certainty that this guarantee would need to be utilised or the value of such a guarantee, it has been included as a contingent liability.

- **Contingent Assets**

In December 2023, The Competition Appeal Tribunal (The Tribunal) took the decision to uphold the Competition and Markets Authority (CMA) decision to impose a charge control mechanism on Motorola in respect of the revenue Airwave can earn from its charges.

Motorola has lodged an application for permission to appeal the Tribunal's decision to the Court of Appeal, but in the meantime has commenced issuing credit notes and discounting invoices to reflect the charge control impact from 1 August 2023 onwards. These credit notes have been applied to the totality of the invoice to the Home Office and therefore need to be apportioned to the various authorities, including all Fire and Rescue Authorities in England.

Since an appeal request has been lodged with the Court of Appeal, any credit which is currently applied and accepted may have to be repaid if subsequently it is decided to overturn the Tribunal's decision and in turn set aside CMA's charge control. Motorola have been clear in their communications that this is the basis on which these credits are being applied.

## **NOTES TO CORE FINANCIAL STATEMENTS**

As a result, and on the recommendation of the NFCC Finance Committee, the Home Office will be continuing to invoice Fire & Rescue Authorities in England at the original rate and will not apply the credit notes to the invoices the Home Office sends to FRAs. Instead, it will provide the total value of the credit to Buckinghamshire Fire who have agreed to hold the total credit that relates to Fire England until a final court decision is reached. Any monies remaining with Buckinghamshire Fire after the conclusion of the legal process will be shared between all FRAs in England based on their percentage of the credit, if ultimately Motorola are unsuccessful in their court application.

As at 31 March 2024, County Durham and Darlington FRA's share of credit is estimated to be £0.124m

There are no other contingent assets for 2023/24.

### **8.24 Authorisation of Accounts for Issue/Post Balance Sheet Events**

The Statement of Accounts was authorised for issue by the Treasurer, Anthony Hope, on 31<sup>st</sup> May 2024. This is the date up to which events after the Balance Sheet date have been considered. No such events have been identified for 2023/24.

## **9 CASH FLOW STATEMENT**

### **9.1 Adjustments to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements**

<b>2022/23 £000</b>		<b>2023/24 £000</b>
1,567	Depreciation, impairment and downward revaluations	1,339
44	Amortisation	9
33	Increase/Decrease (-) Interest Creditors	-
-384	Increase/Decrease (-) in Creditors	-359
-1,720	Increase (-)/Decrease in Debtors	695
-	Increase (-)/Decrease in Impairment of Debtors	-
71	Increase (-)/Decrease in Inventories	-22
-112	Increase/Decrease (-) in Deferred Liabilities	-112
14,617	Movement in Pension Liability	11,953
167	Contributions to/from (-) Provisions	-176
107	Carrying amount of non-current assets held for sale, sold or derecognised	346
<b>14,390</b>		<b>13,673</b>

## **NOTES TO CORE FINANCIAL STATEMENTS**

---

### **9.2 Operating Activities**

The cash flows for operating activities include the following items:

<b>2022/23 £000</b>		<b>2023/24 £000</b>
26,702	Employee Costs	27,199
-19,502	Council Tax Receipts	-20,570
-3,606	Revenue Support Grant	-3,972
-7,015	Redistributed NNDR	-7,415
-177	Interest receivable	-450
115	Interest payable in respect of borrowing	122
697	Interest payable in respect of PFI	669

### **9.3 Investing Activities**

<b>2022/23 £000</b>		<b>2023/24 £000</b>
956	Purchase of property, plant and equipment, investment property and intangible assets	2,116
-7	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-349
-19	Other receipts from investing activities	-191
<b>930</b>		<b>1,576</b>

### **9.4 Financing Activities**

<b>2022/23 £000</b>		<b>2023/24 £000</b>
-3,000	Cash receipts from short and long-term borrowing	-
263	Cash payments for the reductions of outstanding liabilities relating to on-balance sheet PFI contract	282
38	Repayment of short and long term borrowing	54
<b>2,699</b>		<b>336</b>

## **NOTES TO CORE FINANCIAL STATEMENTS**

---

### **9.5 Reconciliation of Liabilities Arising from Financing Activities**

	<b>Balance at 1 April 2023 £000</b>	<b>Financing cash flows £000</b>	<b>Balance at 31 March 2024 £000</b>
Long-term borrowings	4,973	54	4,919
On Balance Sheet PFI Liabilities	6,235	282	5,953
	<b>11,208</b>	<b>336</b>	<b>10,872</b>

### **9.6 Net Increase in Cash and Cash Equivalents**

Under IFRS, cash and cash equivalents include the Authority's cash in hand, bank overdrafts and short-term investments. The movement in cash and cash equivalents was as follows:

	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>Increase/ Decrease in year £000</b>
Cash	594	162	-432
Cash Equivalents	2,113	3,317	1,204
	<b>2,707</b>	<b>3,479</b>	<b>772</b>

## **PENSION FUND ACCOUNT**

---

### **FIRE PENSION FUND ACCOUNT**

The Firefighter's Pension Scheme for fire officers is an unfunded defined benefit scheme administered by County Durham and Darlington Fire and Rescue Authority, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

Under the Firefighter's Pension Scheme (Amendment) (England) Order 2006, if the amounts receivable by the pensions fund for the year are less than amounts payable, the Fire Authority must annually transfer an amount to meet the deficit to the pension fund. This cost is then met by Central Government. If, however, the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Fire Authority which then must repay the amount to Central Government.

There are no investment assets relating to the Fire Pension Fund.

Details of the Authority's long-term pension obligations can be found in Note 8.17 of the financial statements.

The transactions of the Fire Pension Fund, together with a Net Assets Statement, are as follows:

#### **Fire Pension Fund Account**

##### **Dealings with members, employers and others directly involved in the scheme**

	<b>2022/23 £000</b>	<b>2023/24 £000</b>
<b>Contributions receivable</b>		
Fire Authority contributions in relation to pensionable pay		
Normal	-3,709	-3,806
Early retirement	-	-
Firefighter's contributions	-1,683	-1,750
<b>Transfers in from other schemes</b>	-47	-
<b>Ill health capital contributions</b>	-162	-208
<b>Benefits payable</b>		
Pensions	10,654	11,505
Commutation and lump sum retirement benefits	2,736	1,494
Lump sum death benefits	-	-
Refund of contributions	-	-
<b>Transfers out to other schemes</b>	-	14
<b>Net amount payable for the year</b>	<b>7,789</b>	<b>7,249</b>
Top-up grant payable by the Government	-7,789	-7,249
<b>Year-end balance</b>	<b>-</b>	<b>-</b>

# **PENSION FUND ACCOUNT**

---

## **Net Assets Statement**

	<b>At 31 March 2023 £000</b>	<b>At 31 March 2024 £000</b>
<b>Net current assets and liabilities</b>		
Amount due to (-) / from the Authority's General Fund	-1,326	-511
Amount due to (-) / from Central Government	1,326	511
<b>Total</b>	-	-

### **1. Basis of Preparation**

The pension fund accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (there were no material changes to the Pension Fund Account as a result of the IFRS transition).

The financial statements do not take account of liabilities to pay pensions and other benefits which fall due after the end of the financial year.

### **2. Accounting Policies**

The principal accounting policies are as follows:

#### **Contributions**

Contributions represent the total amount receivable from the Authority and pensionable employees. The contributions are made at rates determined by the Government Actuary's Department. The employer's contributions for the 2015 Firefighter's Pension Scheme are set at a rate of 28.8% of pensionable pay. The employee's contributions are set on a sliding scale of 11% to 14.5%. As the legacy schemes closed to future accrual on 31<sup>st</sup> March 2022, there are no longer any contribution rates in force in relation to these schemes.

The Authority is also required to make payments into the Pension Fund in respect of ill-health retirements when they are granted.

#### **Benefits**

Benefits are accounted for in the year in which they become due for payment.

#### **Transfer Values**

Transfer values are those sums payable by or receivable from other pension schemes and relate to periods of previous pensionable employment.

Transfers are accounted for on a receipts and payments basis.



## **GLOSSARY OF TERMS**

---

---

### **Accruals**

The concept that income and expenditure are recognised as they are earned or incurred, not as money happens to be received or paid.

### **Actuarial Gains and Losses**

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

### **Actuarial Valuation**

A valuation by an actuary on behalf of a pension fund of assets held, estimate of the present value of benefits to be paid and estimate of required future contributions.

### **Amortisation**

The measure of the wearing out, consumption, or other reduction in the useful economic life of an intangible asset, whether arising from use, effluxion of time or obsolescence through technical or other changes.

### **Budget**

The Authority's plans and policies expressed in financial terms.

### **Capital Adjustment Account**

A capital reserve that reflects the difference between the cost of property, plant and equipment consumed and the capital financing set aside to pay for them.

### **Capital Charge**

A charge to the revenue account to reflect the cost of property, plant and equipment used.

### **Capital Expenditure**

Expenditure on the acquisition of property, plant and equipment or expenditure which adds to and not merely maintains the value of existing property, plant and equipment.

### **Capital Grant**

Grant from Central Government used to finance capital schemes.

### **Capital Receipts**

Proceeds from the sale of capital assets.

### **Cash**

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

### **Cash Equivalents**

Cash equivalents are investments that mature within three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

## **GLOSSARY OF TERMS**

---

---

### **Chartered Institute of Public Finance and Accountancy (CIPFA)**

The principal accountancy body dealing with local authority finance.

### **Collection Fund**

A fund administered by Durham County Council and Darlington Borough Council in which individuals' Council Tax payments are paid. The Authority raises precepts on the funds to finance part of net revenue expenditure.

### **Collection Fund Adjustment Account**

The account through which to implement the accruals basis for recording the precept without affecting the bottom line for taxpayers.

### **Component Accounting**

Component accounting requires that where an asset has several components, which can be physically separated from the principal asset and which have significantly different useful lives, these should be recognised separately and should be depreciated based on their respective useful lives. Component accounting aims to improve depreciation accounting and improve the measurement of operating results.

### **Contingency**

The sum of money set aside to meet unforeseen expenditure or liability.

### **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, or where a provision would otherwise be made, but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

### **Contingent 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.

### **Council Tax**

The local tax levied on householders, based on the relative market values of property, which helps to fund local services.

### **Creditors**

Persons or bodies to whom sums are owed by the Authority.

### **Current Assets**

Items that can be readily converted into cash.

### **Current Liabilities**

Items that are due immediately or in the short-term.

### **Debtors**

Persons or bodies who owe sums to the Authority.

## **GLOSSARY OF TERMS**

---

### **Deferred Liabilities**

Liabilities which by arrangement are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time.

### **Depreciation**

The measure of the wearing out, consumption or other reduction in the useful economic life of a property, plant or equipment, whether arising from use, effluxion of time or obsolescence through technical or other changes.

### **Earmarked Reserves**

These represent monies set aside that can only be used for a specific purpose.

### **Employee Benefits**

Short-term employee benefits are those due to be settled within 12 months of the year end. They include salary, paid annual leave, paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense in the year in which the employee renders service to the Authority. An accrual is made for the cost of the benefit earned by an employee but not taken before the year end. The accrual is charged to the surplus or deficit on the provision of Services, but then reversed out through the Movement in Reserves Statement.

### **Financial Instruments**

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

### **Financial Regulations**

A written code of procedures approved by the Authority intended to provide a framework for proper financial management.

### **GAD - The Government Actuaries Department**

They provide estimates of the liabilities of the Firefighter's Pension Scheme.

### **Government Grants**

Assistance by Government in the form of cash in return for past or future compliance with certain conditions relating to the activities of the Authority.

### **Impairment**

A reduction in the value of an asset from the Balance Sheet value occurring because of a change in the condition and consumption of the asset or because of market conditions.

### **Interest Income**

The money earned from the investment of surplus cash.

### **International Financial Reporting Standards (IFRS)**

The Authority's financial statements have been prepared in accordance with the following statutory accounting standards adopted by the International Accounting Standards Board (IASB):

- International Financial Reporting Standards (IFRS)
- International Accounting Standards (IAS)

## **GLOSSARY OF TERMS**

---

- Interpretations of the International Financial Reporting Interpretations Committee (IFRIC)
- Interpretations of the Standing Interpretations Committee (SIC)

### **Leasing**

A method of financing capital expenditure where a rental charge for an asset is paid for a specific period. There are two main types of lease: 'finance leases' which transfer substantially all the risks and rewards of ownership to the lessee, and other leases, which are known as 'operating leases'. With finance leases, assets acquired are included within the property, plant and equipment in the Balance Sheet at the market value of the asset involved; monies owing to the lessor are included within deferred liabilities on the Balance Sheet. With an operating lease an annual rent is charged to the relevant service revenue account.

### **Minimum Revenue Provision**

The minimum amount which must be charged in year for the repayment of debt.

### **National Non-Domestic Rates (NNDR)**

The business rate in the pound is the same for all non-domestic ratepayers and is set annually by the government. Income from business rates goes into a Central Government pool that is then distributed to authorities according to resident population.

### **Net Book Value**

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

### **Net Current Replacement Cost**

The cost of replacing or recreating the particular asset in its existing condition and in its existing use; i.e. the cost of replacement or of the nearest equivalent asset adjusted to reflect the current condition of the existing asset.

### **Non-Operational Assets**

Property, plant and equipment not directly occupied, used or consumed in the delivery of services. These are assets under construction and surplus assets held for disposal.

### **Operational Assets**

Property, plant and equipment held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

### **Outturn**

The actual amount spent in the financial year.

### **Payments in Advance**

These represent payments prior to 31st March for supplies and services received after 1st April.

### **Precept Income**

The Authority obtains part of its income from precepts levied on its billing authorities (Durham County Council and Darlington Borough Council). Precepts, based on the

## **GLOSSARY OF TERMS**

---

---

Council Tax base of each council, are levied on a collection fund, administered separately by each council.

### **Private Finance Initiative (PFI)**

PFI contracts are agreements to receive services where the responsibility for making available the assets needed to provide the services passes to the PFI contractor. Where the Authority controls the services that are provided under a PFI scheme, and ownership of the assets will pass to the Authority at the end of the contract, for no additional charge, the Authority carries the assets used under the contract on its Balance Sheet as part of Property, Plant and Equipment. The original recognition of these assets at fair value is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

### **Property, Plant and Equipment**

Tangible and intangible assets that yield benefits to the authority and the services it provides for a period of more than one year.

### **Provisions**

Sums set aside to meet any liabilities or losses which are likely or certain to be incurred, but uncertain as to the amounts or dates on which they will arise.

### **Receipts in Advance**

These represent income received prior to 31st March for supplies and services provided after 1st April.

### **Reserves**

Sums set aside for purposes falling outside the definition of a 'provision'. There are two categories of reserves - see 'Usable Reserves' and 'Unusable Reserves' for further definition.

### **Retirement Benefits**

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

### **Revaluation Reserve**

Capital reserve to hold unrealised revaluation gains arising (since 1 April 2007) from holding property, plant and equipment.

### **Revenue Contributions to Capital**

Contribution from revenue to finance capital expenditure, thus reducing the requirement to borrow.

### **Revenue Expenditure and Income**

Expenditure and income arising from the day-to-day operation of the Authority's service.

### **Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Any grants receivable, including capital, that are applied to REFCUS will be accounted for as revenue grants in the Comprehensive Income and Expenditure Statement. Income is posted to the line that the qualifying expenditure is charged to.

## **GLOSSARY OF TERMS**

---

---

### **Revenue Support Grant (RSG)**

General government grant to assist in financing the overall net cost of services.

### **Running Expenses**

All expenses other than those relating to employees and the financing costs of capital expenditure (capital financing costs and revenue contributions). Running expenses include expenditure on maintenance of buildings, consumable supplies, transport etc.

### **Termination Benefits**

Amounts payable because of a decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the Net Cost of Service in the Comprehensive Income and Expenditure Statement.

### **UK GAAP – Generally Accepted Accounting Standards**

As IFRS is primarily drafted for the commercial sector and therefore does not address all accounting issues relevant to local government in the UK, the Code prescribes a hierarchy of alternative standards on which the accounting treatment and disclosures should be based where appropriate. The hierarchy comprises:

- Financial Reporting Standards (FRS)
- Statements of Standard Accounting Practice (SSAP)
- Pronouncements of the Urgent Issues Task Force (UITF)

### **Unusable Reserves**

Reserves the Authority is not able to use to provide services e.g., reserves that hold unrealised gains and losses, e.g., the Revaluation Reserve, where amounts would only become available to provide services if the assets are sold.

### **Usable Reserves**

Reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use, e.g., Modernisation Reserve.