

8. Financial Instruments

The Financial Instruments held by the Authority are included below and The Authority fully complies with the CIPFA Code of Practice on Local Authority Accounting.

Amortised Cost

Financial instruments (whether borrowing or investment) are valued on an amortised costs basis using the effective interest rate (EIR) method.

Fair Value

In these disclosure notes, financial instruments are also required to be shown at fair value. Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

Compliance

Authority has complied with the following: -

It has adopted the CIPFA Treasury Management in the Public Services: Code of Practice.

Set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

Accounting regulations require the financial instruments (investment, lending and borrowing of the Authority) shown on the balance sheet to be further analysed into various defined categories. The investments, lending & borrowing disclosed in the balance sheet are made up of the following categories of "financial instruments".

	<u>Long Term</u>		<u>Current</u>	
	<u>31 March</u>		<u>31 March</u>	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Financial liabilities at amortised cost	(16,060)	(17,707)	(9,648)	(11,096)
Financial liabilities at fair value through profit and loss	-	-	-	-
Total borrowings	(16,060)	(17,707)	(9,648)	(11,096)
Loans and receivables	-	-	24,512	28,168
Available for sale financial assets	-	-	-	-
Unquoted equity investment at cost	-	-	-	-
Total investments	-	-	24,512	28,168

Analysis of the Financial Liabilities and Loans and Receivables is shown in the table below:

	31 March	
	2015	2014
	£'000	£'000
Financial Liabilities		
Current		
Creditors**	(8,118)	(9,187)
Bank overdrawn	-	(494)
Deferred Contributions	60	
PWLB Loans, Finance Leases and Deferred Contributions	<u>(1,590)</u>	<u>(1,415)</u>
	<u>(9,648)</u>	<u>(11,096)</u>
Long Term		
PWLB Loans	(15,303)	(16,638)
Creditors	(540)	
Deferred Contributions	540	
Finance Leases	<u>(817)</u>	<u>(1,069)</u>
	<u>(16,120)</u>	<u>(17,707)</u>
	<u>(26,308)</u>	<u>(28,803)</u>
Financial Assets		
Current		
Debtors	5,373	3,958
Investments*	<u>19,138</u>	<u>24,210</u>
	<u>24,511</u>	<u>28,168</u>

*The balance on investments includes £3.424m which is the balance remaining of the £7.200m that was received on 16 March 2012 from DCLG for the East Coast and Hertfordshire Control Room project. The £7.200m is made up of £1.800m awarded to each of the four services (Humberside, Lincolnshire, Norfolk and Hertfordshire) and is held on behalf of the consortium by Humberside Fire Authority.

**Included in current creditors above is £2.568m of the funding received as part of the East Coast and Hertfordshire Control Room project and this funding is held on behalf of the other three services involved in the East Coast and Hertfordshire Control Room project.

Gains and losses recognised in the Comprehensive Income and Expenditure Account for 2014/15 in relation to financial instruments are made up as follows:

	2014/15			2013/14			Total	Total
	Financial Liabilities	Financial Assets		Financial Liabilities	Financial Assets			
	Measured at amortised cost	Loans and Receivables	Available for sale Assets	Measured at amortised cost	Loans and Receivables	Available for sale Assets		
	£'000	£'000	£'000	£'000	£'000	£'000		
Interest Expense	(818)	-	-	(890)	-	-	(890)	
Loss on derecognition	-	-	-	-	-	-	-	
Impairment losses	-	-	-	-	-	-	-	
Interest payable and similar charges	<u>(818)</u>	<u>-</u>	<u>-</u>	<u>(890)</u>	<u>-</u>	<u>-</u>	<u>(890)</u>	
Interest income	-	115	-	-	115	-	115	
Losses on revaluation	-	-	-	-	-	-	-	
Amounts recycled to the Income and Expenditure Account after impairment	-	-	-	-	-	-	-	
Interest and investment income	<u>-</u>	<u>115</u>	<u>-</u>	<u>-</u>	<u>115</u>	<u>-</u>	<u>115</u>	
Gains on revaluation			-			-	-	
Losses on revaluation			-			-	-	
Amounts recycled to the Income and Expenditure Account after impairment			-			-	-	
Surplus arising on revaluation of financial assets			<u>-</u>			<u>-</u>	<u>-</u>	
Net gain/(loss) for the year	<u>(818)</u>	<u>115</u>	<u>-</u>	<u>(890)</u>	<u>115</u>	<u>-</u>	<u>(775)</u>	

The fair value of each class of financial assets and liabilities which are carried in the balance sheet at amortised cost is disclosed below.

The Fire Authority engaged Capita Asset Services, a firm of financial consultants specialising in treasury management and capital finance in the U.K. Public Sector, who have calculated the Fair Value of the financial instruments stated above. Capita Asset Services methodology and assumptions have been adopted and are stated below.

Methods and Assumptions in valuation technique

The fair value of an instrument is determined by calculating the Net Present Value (NPV) of future cash flows, which provides an estimate of the value of payments in the future in today's terms.

The discount rate used in the NPV calculation is the rate applicable in the market on the date of valuation for an instrument with the same structure, terms and remaining duration. For debt, this will be the new borrowing rate since premature repayment rates include a margin which represents the lender's profit as a result of rescheduling the loan; this is not included in the fair value calculation since any motivation other than securing a fair price should be ignored.

The rates quoted in this valuation were obtained by our treasury management consultants from the market on 31 March 2015, using bid prices where applicable.

The calculations are made with the following assumptions:

For PWLB debt, the discount rate used is the rate for new borrowing as per rate sheet number 126/15. For other market debt and investments the discount rate used is the rate available for an instrument with the same terms from a comparable lender. Interpolation techniques have been used between available rates where the exact maturity period was not available. No early repayment or impairment is recognised.

Fair values have been calculated for all instruments in the portfolio, but only those which are materially different from the carrying value have been disclosed. The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

	<u>31 March 2015</u>		<u>31 March 2014</u>	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Liabilities	(17,770)	(19,010)	(19,046)	(19,623)
Loans and Receivables	19,138	19,140	24,210	24,257

The increase in the fair value of Financial Liabilities over the carrying amount is because the interest rate payable on the Authority's portfolio of fixed rate loans is higher than the rates for similar loans as at the Balance Sheet date. The decrease in the fair value of the Loans and Receivables over the carrying amount is due to the interest rate receivable on the Authority's portfolio of fixed rate investments being lower than the rates for similar loans as at the Balance Sheet date.

The Authority's management of treasury risks actively works to minimise the exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Authority has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

Credit risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Authority's customers. It is the policy of the Authority to place deposits only with a limited number of high quality banks and building societies whose credit rating is independently assessed as sufficiently secure by the Authority's treasury advisers and to restrict lending to a prudent maximum amount for each institution. In order to mitigate against risk and in the light of market conditions,

the Executive Director Service Support and Section 151 Officer considered that the most prudent approach was to restrict investments to UK based, and other 'AAA' rated European institutions with a maximum limit of £2m. The Authority has access to three money market investment funds, these are highly secure funds that are 'AAA' rated and provide instant return of the investment if required.

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Authority expects full repayment on the due date of deposits placed with its counterparties.

	31 March 2015	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2015	Estimated maximum exposure to default and uncollectability
	£'000	%	%	£'000
Deposits with banks and financial institutions	19,138	0.00	0.00	-
Bonds	-	0.00	0.00	-
Customers	5,373	0.43	0.43	23
	<u>24,511</u>			<u>23</u>

No credit limits were exceeded during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

Debtors

The Authority does not generally allow credit for customers, such that only £88k of the £5,373k balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2015 £'000	31 March 2014 £'000
Less than three months	83	19
Three to six months	5	17
Six months to one year	-	-
More than one year	-	-
	<u>88</u>	<u>36</u>

Liquidity Risk

The Authority has access to a facility to borrow from the Public Works Loans Board. As a result there is no significant risk that the Authority will be unable to raise finance to meet its commitments under financial instruments. The Authority has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Authority's policy is to ensure that not more than 10% of loans are due to mature within any financial year and 25% within any rolling five-year period through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

See note 6 of the notes to the accounts for an analysis of the maturity of long term loans with the Public Work Loans Board.

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

Market Risk

Interest Rate Risk

The Authority is exposed to interest rate risk in two different ways; the first being the uncertainty of interest paid/received on variable rate instruments, and the second being the effect of fluctuations in interest rates on the fair value of an instrument.

The current interest rate risk for the Authority is summarised below:

The fair value of fixed rate financial assets will fall if interest rates rise. This will not impact on the Balance Sheet for the majority of assets held at amortised cost, but will impact on the disclosure note for fair value. It would have a negative effect on the Balance Sheet for those assets held at fair value in the Balance Sheet, which would also be reflected in the Comprehensive Income and Expenditure Statement.

The fair value of fixed rate financial liabilities will rise if interest rates fall. This will not impact on the Balance Sheet for the majority of liabilities held at amortised cost, but will impact on the disclosure note for fair value.

The Authority has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 25% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this investment strategy, at 31 March 2015, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	2015	2014
	£'000	£'000
Decrease in fair value of fixed rate investment assets	40	72
Increase in fair value of fixed rate borrowing liabilities	1,292	1,257

Price Risk

The Authority does not invest in equity shares and does not have shareholdings in any joint ventures and therefore is not at significant risk to price movements.

Foreign Exchange Risk

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

Financial Guarantees

Humberside Fire Authority does not provide any financial guarantees.

9. Adjustments between accounting basis and funding basis under regulations

	2014/15 £'000	2013/14 £'000
Amounts included in the Comprehensive Income & Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund balance for the year:		
Depreciation and impairment of non current assets	(2,629)	(2,760)
Carrying Value of Assets disposed of	(60)	(44)
Sale Proceeds	30	32
Grants and contributions deferred	995	995
Collection Fund Adjustment		(64)
Net Charges made for retirement benefits in accordance with IAS 19		
Local Government Pension Scheme	(1,497)	(1,581)
Firefighters' Pension Scheme	(33,700)	(35,130)
	<hr/>	<hr/>
	(36,861)	<u>(38,552)</u>
Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the movement on the General Fund balance for the year:		
Minimum Revenue Provision	1,716	1,766
Revenue Contributions to Capital Outlay	3,450	4,875
Employer's Contributions Payable to Pension Funds		
Local Government Pension Scheme	1,166	1,039
Firefighters' Pension Scheme	4,090	4,131
	<hr/>	<hr/>
	10,421	<u>11,810</u>
Net additional amount required to be debited(credited) to the General Fund Balance	<hr/>	<hr/>
	<u>(26,439)</u>	<u>(26,741)</u>

10. Other Operating Expenditure, Financing, Investment income, taxation and non-specific grants

	2014/15	2013/14
	£000s	£000s
Other Operating Expenditure		
(Profit)/Loss on the disposal of assets	26	12
Total Other Operating Expenditure	26	12
Financing and Investment Income and Expenditure		
Interest Payable	818	890
Interest Receivable	(115)	(115)
Pensions Interest Cost and Expected Return on Pension Assets		
- Firefighters' Pension Scheme	23,310	23,110
- Local Government Pension Scheme	294	331
Total Financing and Investment Income and Expenditure	24,307	24,216
Taxation and Non Specific Grant Income		
Council Tax Payers	19,361	19,037
General Government Grants (See breakdown below)	857	5,851
Capital Grant Recognised	995	995
Localised Business Rates	3,239	3,106
National Non Domestic Rates	22,141	20,550
Total Taxation and Non Specific Grant Income	46,593	49,539
General Government Grants		
Council tax transitional grant funding		3,742
Council tax support funding		73
East Coast and Hertfordshire Control Room Consortium grant recognition	857	2,036
	857	5,851

Precepts

The Authority, at its meeting on 17 February 2014, set a precept for 2014/15 equivalent to a Band D Council Tax of £77.92. Precepts and Collection Fund balances received from the four constituent Authorities for 2014/15 are as follows:

	Precepts 2014/15	Collection Fund Residual 2013/14	Surplus/(Deficit) 31 March 2015	Total 2014/15
	£'000	£'000	£'000	£'000
Kingston upon Hull City Council	4,162	77		4,239
East Riding of Yorkshire Council	8,380	206		8,586
North East Lincolnshire Council	3,064	9		3,073
North Lincolnshire Council	3,463			3,463
	19,069	292	-	19,361

	Precepts 2013/14	Collection Fund Residual 2012/13	Surplus/(Deficit) 31 March 2014	Total 2013/14
	£'000	£'000	£'000	£'000
Kingston upon Hull City Council	4,064	-	85	4,149
East Riding of Yorkshire Council	8,287	(6)	92	8,373
North East Lincolnshire Council	3,042	(31)	19	3,030
North Lincolnshire Council	3,431	67	17	3,515
	18,824	30	213	19,067

The Fire Authority is made up of 22 Members who are nominated by the 4 Unitary Authorities in the Humberside region.

11. Related Parties

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

Central Government

Central government has significant influence over the general operations of the Authority; it is responsible for providing the statutory framework within which the Authority operates, it provides a significant part of its funding in the form of grants, and prescribes the terms of many of the transactions that the Authority has with other parties. The Authority receives National non domestic rates, General government grants and Capital Grants from the Department for Communities and Local Government. (Details of these grants are disclosed in note 10)

Pensions

See note 3 of the Notes to the Financial Statements.

Members

The precept is collected on the Fire Authority's behalf by the four Local Authorities in the Humberside area (as disclosed in note 10), the following Members are Local Councillors on these councils.

East Riding of Yorkshire Council: Margaret Chapman MBE, Helen Green, Josie Head, Arthur Hodgson, Claude Mole, Keith Moore, Bryan Pearson, Peter Turner.

Kingston upon Hull City Council: Carol Clarkson, Karen Mathieson, Lynda Petrini, Charles Quinn, Mike Thompson, Steve Wilson.

North East Lincolnshire Council: Alex Baxter, Mike Burton, Steve Norton, Terry Walker.

North Lincolnshire Council: John Briggs, Elaine Marper, Steve Swift, Rob Waltham.

The total of Members' allowances paid in 2014/15 is shown in note 12. During 2014/15 no Members of the Fire Authority, or their close relations, undertook any declarable related party transactions with the Authority. The Authority requires Members to complete a declaration of related party transactions, and these declarations are used as the basis of this note.

Officers

During the course of 2014/15 no senior officers of the Fire Authority (with the exception of the two members of staff that are Directors of HFR Solutions), or their close relations, undertook any declarable related party transactions with the Authority. The Authority requires senior officers to complete a declaration of related party transactions, and these declarations are used as the basis of this note.

Two officers of the Fire Authority are also Directors of HFR Solutions Community Interest Company (DCFO Chris Blacksell and Director Nick Granger).

Humberside Fire Authority/HFR Solutions supplied goods and services to each other during 2014/15; the value of the supplies to HFR Solutions was £550,000 (£546,006 during 2013/14), HFR Solutions supplied goods and services to Humberside Fire Authority with a value of £7,924 during 2014/15 (£0 in 2013/14) and made under normal commercial terms. £367,702 was outstanding at 31 March 2015. (£156,393 was outstanding at 31st March 2014).

The disclosure note itself has been prepared in accordance with guidance on the interpretation of IAS 24 (Related Party Transactions) and its applicability to the public sector.

12. Members' Allowances

From 1 April 2003 the Authority is required to have its own scheme of Members' Allowances under the terms of the Local Authorities (Members' Allowances) (England) Regulations 2003. The total amount paid to Members under this scheme for 2014/15 was £125,470. (2013/14 was £127,546).

13. Officers' Emoluments

Regulation 4 of the Accounts and Audit (Amendment No.2) (England) Regulations 2009 [SI 2009 No. 3322] introduced a new legal requirement to increase transparency and accountability in Local Government for reporting the remuneration of senior employees.

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 are disclosed below:

Remuneration Band	Number of Officers in Band					
	2014/15			2013/14		
	Operational	Non Operational	Total	Operational	Non Operational	Total
£150-154,999	-	-	-	-	-	-
£145-149,999	-	-	-	-	-	-
£140-144,999	-	-	-	-	-	-
£135-139,999	1	-	1	1	-	1
£130-134,999	-	-	-	-	-	-
£125-129,999	-	-	-	-	-	-
£120-124,999	-	-	-	-	-	-
£115-119,999	1	-	1	1	-	1
£110-114,999	-	1	1	-	-	-
£105-109,999	-	-	-	1	-	1
£100-104,999	-	-	-	-	-	-
£95-99,999	-	1	1	-	2	2
£90-94,999	-	-	-	-	-	-
£85-89,999	4	-	4	-	-	-
£80-84,999	-	-	-	-	-	-
£75-79,999	-	-	-	-	-	-
£70-74,999	2	-	2	-	1	1
£65-69,999	9	-	9	4	-	4
£60-64,999	3	-	3	5	-	5
£55-59,999	14	-	14	9	-	9
£50-54,999	10	2	12	14	2	16
	44	4	48	35	5	40

The following table sets out the remuneration disclosures for Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year:

Disclosure for 2014/15

Post Title	Salary (Including fees & Allowances)	Benefits in Kind (e.g. Car Allowance)	Total Remuneration excluding employer's pension contributions 2014/15	Employer's pension contributions 2014/15	Total Remuneration including employer's pension contributions 2014/15
Chief Fire Officer & Chief Executive	136,992	-	136,992	29,179	166,171
Deputy Chief Fire Officer & Executive Director Service Delivery	116,462	-	116,462	24,806	141,268
Secretary to the Fire Authority & Director of People	111,178	624	111,802	3,882	115,684
Executive Director Service Support & Section 151 Officer	95,920	1,607	97,527	17,841	115,368
Director of Service Support (1st May - 31st March)	80,153		80,153	14,820	94,973
Director of Operations (North) (1st May - 31st March)	83,562		83,562	14,820	98,382
Director of Operations (South) (1st May - 31st March)	82,254		82,254	14,808	97,062
Director of Commercial Services (1st May - 31st March)	83,466		83,466	14,796	98,262
	789,987	2,231	792,218	134,952	927,170

Disclosure for 2013/14

Post Title	Salary (Including fees & Allowances)	Benefits in Kind (e.g. Car Allowance)	Total Remuneration excluding employer's pension contributions 2013/14	Employer's pension contributions 2013/14	Total Remuneration including employer's pension contributions 2013/14
Chief Fire Officer & Chief Executive	135,779	-	135,779	28,921	164,700
Deputy Chief Fire Officer & Director of Operations	115,297	-	115,297	24,558	139,855
Assistant Chief Fire Officer & Director of Safety	108,623	-	108,623	23,137	131,760
Secretary to the Fire Authority & Director of People	95,045	3,573	98,618	19,674	118,292
Director of Finance & Assets / S.151 Officer	95,045	1,655	96,700	19,674	116,374
	549,789	5,228	555,017	115,964	670,981

The table below shows the number and cost of exit packages for which the Authority makes additional contributions to pension funds or redundancy payments.

Band	Number of Former Officers in Band					
	2014/15			2013/14		
	Compulsory Redundancy	Other	Total (£)	Compulsory Redundancy	Other	Total (£)
£0-20,000		3	6,346			
Total Cost in Bandings	0	3	6,346	0	0	0
Amounts Recognised in CIES but not included in bandings		2	43,000		1	95,045
Total cost of exit package:	0	5	49,346	0	1	95,045

The cost of exit packages during 2014/15 was £6,346 (£0 during 2013/14). No additional costs of have been provided during 2014/15 (£95,045 during 2013/14),

14. Other Notes To The Financial Statements

Provisions

Ongoing Industrial Action

There is currently a national dispute between the Fire Brigades Union and the Employers/Government due to the amendments to the Firefighters' Pension Schemes. During 2014/15 Humberside Fire Authority incurred additional costs of £601k. The dispute remains unresolved at 31 March 2015. £300k has been set aside as a provision to meet the costs of further periods of strike action during 2015/16.

Contingent Liabilities

Fire Fighters' Pension – Age Discrimination

The Department for Communities & Local Government (DCLG) has determined that there has been age discrimination against members of the Firefighters' Pension Scheme 1992 who joined the scheme before the age of 20 in that these members would contribute to the scheme for a period in excess of 30 years but only accrue the same pension rights as members who contribute to the scheme for a period no greater than 30 years. There is a potential liability to the Authority but it is not quantifiable at this moment in time.

Firefighters' Pensions – Pension Ombudsman Determination

The Pensions Ombudsman published his determination on the 15th May 2015, this determination found that the Government Actuaries Department had failed to review the commutation factors used in the calculation of lump sum payments due to firefighters' between 2001 and 2006. 137 firefighters retired from Humberside Fire Authority during this period. The Government Actuaries Department is in the process of producing the revised commutation tables which will allow the calculation of the payments due to retired firefighters. The Authority is unable to quantify the potential liability at this time.

Exceptional Items

There are no exceptional items.

Material Items Of Income and Expenditure

There were no material items of income and expenditure during 2014/15 that are not disclosed elsewhere within the Statement of Accounts.

Heritage Assets

The Authority does not have any Heritage assets; a collection of fire memorabilia is held by the Fire Authority but has little financial value.

Audit Fees

During 2014/15 the Authority incurred £34k in Audit fees (£43k in 2013/14) from KPMG LLP relating to external audit and inspection.

Prior Period Adjustments

There have been no prior period adjustments during 2014/15.

Events After The Balance Sheet Date

There were no adjusting events after the balance sheet date, there was one non-adjusting event after the balance sheet date. Humberside Police and Humberside Fire Authority established a joint vehicle maintenance company, Emergency Services Fleet Management (Humberside) Ltd, a company limited by guarantee, which was incorporated on 19th December 2014 but did not commence trading until 1 April 2015.

The Pensions Ombudsman published a determination on 15 May 2015, further details are disclosed in the Contingent Liabilities note above.

15. Cash Flow notes

Movements in Cash and Cash Equivalents

	31 March 2015 £'000	31 March 2014 £'000	Movement £'000
Bank In Hand/(Overdrawn)	<u>617</u>	<u>(494)</u>	<u>1,111</u>
	617	(494)	1,111

Cash Flow Statement – Adjust net surplus or deficit on the provision of services for non-cash movements

	2014/15 £'000	2013/14 £'000
Depreciation/Amortisation & Impairment	2,884	2,760
Increase/(decrease) in Interest Creditors	-	(50)
Increase/(decrease) in Creditors	(1,154)	(1,569)
(Increase)/decrease in Interest Debtors	-	(38)
(Increase)/decrease in Debtors	(1,415)	2,638
(Increase)/decrease in Inventories	7	19
Increase/(decrease) in Provisions	(213)	205
Movement in Pension Liability	29,941	31,541
Carrying amount of non-current assets and non current assets held for sale, sold or de-recognised	61	-
Other non-cash items charged to the net surplus or deficit on the provision of services		
	<u>30,111</u>	<u>35,506</u>

Cash Flow Statement – Adjust for items included in the net surplus or deficit on the provision of services that are investing and finance activities

	2014/15 £'000	2013/14 £'000
Proceeds from short-term and long term investments		
Proceeds from the sale of Property, Plant and Equipment and Intangible Assets	(29)	(33)
Any other items for which the cash effects are investing or financing cash flows	(995)	(995)
	<u>(1,024)</u>	<u>(1,028)</u>

Cash Flow Statement – Operating activities within the cash flow statement include the following cash flows relating to interest

	2014/15 £'000	2013/14 £'000
Interest Received	137	77
Interest Paid	(754)	(940)
	<u>(617)</u>	<u>(863)</u>

Cash Flow Statement – Cash Flows from Investing Activities

	2014/15 £'000	2013/14 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(5,145)	(7,097)
Opening Capital Creditors	(716)	(24)
Closing Capital Creditors	817	716
Purchase of short-term and long-term investments		(150)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	29	33
Proceeds from short-term and long term investments	5,043	
Other receipts from investing activities	995	995
Net cash flows from financing activities	<u>1,023</u>	<u>(5,527)</u>

Cash Flow Statement – Financing Activities

	2014/15 £'000	2013/14 £'000
Cash receipts of short and long-term borrowing		
Other receipts from financing activities		
Appropriation to/from Collection Fund Adjustment Account		161
Repayments of short and long-term borrowing	(1,100)	(824)
Repayments relating to Finance Leases	0	(2)
Other payments relating to financing activities		
Other receipts from investing activities		
Net cash flows from financing activities	<u>(1,100)</u>	<u>(665)</u>

Government Grants

An analysis of Other Government Grants received during 2014/15 is given in note 10 of the notes to the Financial Statements.

16. East Coast and Hertfordshire Control Room Consortium

Humberside Fire Authority is the lead Authority for the East Coast and Hertfordshire Control Room Consortium. Humberside Fire Authority received a grant of £7.2 million during 2011/12 (£1.8 million on behalf of each of the four consortium Authorities).

During 2012/13, 2013/14 and 2014/15 expenditure has been incurred as the control solution is being constructed and developed.

The grant and expenditure are contained within the Financial Statements of Humberside Fire Authority, Humberside Fire Authority holds the remaining balance of the £1.8 million grant received in an earmarked reserve and the remaining amount of the grant for the other three consortium Authorities is shown in creditors.

Grant is recognised as the expenditure is incurred. At the 31 March 2015, expenditure of £3.858 million had been incurred and £3.424 million of grant funding remained. (The original grant of £7.2 million has increased due to interest received to £7.282 million).

A summary of transactions and balances is included below;

	Humberside Fire Authority		Lincolnshire County Council		Norfolk County Council		Hertfordshire County Council		2014/15	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income and Expenditure										
Income	(1,143)	(2,115)							(1,143)	(2,115)
Expenditure	1,143	2,115							1,143	2,115
Surplus/Deficit	-	-	-	-	-	-	-	-	-	-
Balance Sheet	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Assets Under Construction	1,143	2,715							1,143	2,715
Creditors			(856)	(1,137)	(856)	(1,137)	(856)	(1,137)	(2,568)	(3,411)
Earmarked Reserves	(856)	(1,137)							(856)	(1,137)
Capital Adjustment Account	(1,143)	(2,715)							(1,143)	(2,715)
Balance of Grant Remaining	(856)	(1,137)	(856)	(1,137)	(856)	(1,137)	(856)	(1,137)	(3,424)	(4,548)

Humberside Fire Authority Pension Fund Account



Fire & Rescue Service

FIREFIGHTERS' PENSION FUND ACCOUNT

The following table analyses movements on the Fund for the year 2014/15;

2013/14 £'000s		2014/15 £'000s
	Contributions receivable:	
(4,016)	Employers' contributions receivable	(3,858)
(115)	Other	(232)
(2,556)	Firefighters' contributions	(2,742)
(6,687)		(6,832)
	(1) Transfers in from other authorities	(27)
	Benefits payable:	
12,452	Pensions	12,878
2,239	Commutations & lump sum retirement benefits	2,690
14,691		15,568
	Payments to and on account leavers transfers out to other authorities	-
8,003	Net amount payable for the year	8,709
(8,003)	Top-up grant receivable to the Firefighters' Pension Fund	(8,709)
-	Fund Account balance	-

2013/14	<u>Net Assets Statement</u>	2014/15
	Current Assets	
	DCLG grant debtor	
1,094	Pensions Paid in Advance	1,166
	Current Liabilities	
(959)	Humberside Fire Authority	(691)
(135)	DCLG Grant creditor	(475)
-		-
-		-

The funding arrangements for the Firefighters' Pension Scheme changed on 1 April 2006. The fund was established under the Firefighters' Pension Scheme (Amendment) (England) Order 2006.

The fund is administered by Humberside Fire Authority.

The fund is managed by the Executive Director Service Support/Section 151 Officer.

The benefits payable from the fund are pensions, lump sum commutation payments and ill health pensions. Injury awards are payable from authorities general fund accounts.

The Pension Fund is an unfunded scheme, consequently:

- The fund has no investment assets;
- benefits payable are funded by contributions from employers and employees; and
- any difference between benefits payable and contributions receivable is met by top-up grant from the Department for Communities and Local Government (DCLG)

The pension fund is statutorily prevented from including interest on cashflows and administration expenses in the pension fund. These expenses are accounted for in the Fire Authority's General Fund Account.

Employees' and employers' contribution levels are based on percentages of pensionable pay set nationally by the DCLG and are subject to triennial revaluation by the Government Actuary's Department. The employers' contribution rates are determined nationally by the Government Actuary's Department and are currently 21.3% for the 1992 scheme and 11.0% for the 2006 scheme.

The membership for the pensions fund is as follows;

Category of Member	31/3/2015 1992 FPS	31/3/2015 2006 NFPS	31/3/2014 1992 FPS	31/3/2014 2006 NFPS
Contributors	466	278	500	297
Deferred Pensioners	52	82	40	47
Pensioners	875	18	835	6

Statement of Accounting Policies

The Accounting policies adopted for the pension fund follow those set out in the Authority's Statement of Accounting Policies (Note 1 of the notes to the Financial Statements). Transfer values are an exception to this policy and are on a cash basis.

The following item(s) are estimated and are material to the Pension Fund account:

- Estimation of top-up grant receivable

The Pension Fund Account does not take account of the obligations to pay pensions and benefits that fall due after the end of the financial year. These are reflected in the Authority's accounts in accordance with IAS 19 – Employee Benefits (Please see note 3 in the notes to the Financial Statements).

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HUMBERSIDE
Fire & Rescue Service

Humberside Fire Authority Group Accounts

GROUP STATEMENT OF ACCOUNTS

The Group Financial Statements consolidate the performance and balances that relate subsidiaries, joint ventures and associates into the Group Financial statements, this allows the full picture of the Group activities to be presented. The following pages 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. Where subsidiaries financial statements are presented under another accounting basis (i.e. UK GAAP) then their accounts have been restated to comply with IFRS.

Humberside Fire Authority no longer has a controlling interest or influence over HFR Solutions therefore the Group Accounts are included for comparative purposes only.

GROUP MOVEMENTS IN RESERVES STATEMENT

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

2014/15

	Earmarked Reserves £'000	General Funding Balance £'000	Usable Capital Receipts Reserve £'000	Total Usable Reserves £'000	Pensions Reserve £'000	Capital Adjustment Account £'000	Revaluation Reserve £'000	Collection Fund Adjustment Account £'000	Total Authority Reserves £'000	Authority's Share of Reserves of Subsidiaries, Associates and Joint Ventures £'000	Total Reserves £'000
Balance at 31 March 2014	10,328	6,933	0	17,261	(538,013)	37,340	13,682	194	(469,537)	-	(469,084)
Surplus or (Deficit) on Provision of Services (accounting basis)		(27,899)		(27,899)					(27,899)	-	(27,899)
Other Comprehensive Expenditure and Income				-	(15,930)		1,690		(14,240)		(14,240)
Total Comprehensive Income & Expenditure	-	(27,899)	-	(27,899)	(15,930)	-	1,690	-	(42,139)	-	(42,139)
Adjustments between Accounting Basis & Funding Basis under Regulations (Note 8)		26,439	31	26,470	(29,941)	3,752	(281)		0		0
Net Increase / (Decrease) before transfers to Earmarked Reserves	-	(1,460)	31	(1,429)	(45,871)	3,752	1,409	-	(42,139)	-	(42,140)
Transfers to / (from) Earmarked Reserves	(1,162)	1,162		-					-		
Increase / (Decrease) in Year	(1,162)	(298)	31	(1,431)	(45,871)	3,752	1,409	-	(42,139)	-	(42,140)
Balance at 31 March 2015	9,166	6,634	31	15,829	(583,884)	41,092	15,092	194	(511,678)	-	(511,678)

2013/14

	Earmarked Reserves £'000	General Funding Balance £'000	Usable Capital Receipts Reserve £'000	Total Usable Reserves £'000	Pensions Reserve £'000	Capital Adjustment Account £'000	Revaluation Reserve £'000	Collection Fund Adjustment Account £'000	Total Authority Reserves £'000	Authority's Share of Reserves of Subsidiaries, Associates and Joint Ventures £'000	Total Reserves £'000
Balance at 31 March 2013	9,788	8,804	542	19,134	(545,003)	31,657	13,434	258	(480,520)	289	(480,231)
Surplus or (Deficit) on Provision of Services (accounting basis)		(28,072)		(28,072)					(28,072)	165	(27,907)
Other Comprehensive Expenditure and Income				-	38,531		524		39,055		39,055
Total Comprehensive Income & Expenditure	-	(28,072)	-	(28,072)	38,531	-	524	-	10,983	165	11,148
Adjustments between Accounting Basis & Funding Basis under Regulations (Note 8)		26,742	33	26,775	(31,541)	5,108	(276)	(64)	0		0
Net Increase / (Decrease) before transfers to Earmarked Reserves	-	(1,330)	33	(1,297)	6,990	5,108	248	(64)	10,983	165	11,147
Transfers to / (from) Earmarked Reserves	540	(540)	(575)	(575)		575			-		
Increase / (Decrease) in Year	540	(1,870)	(542)	(1,872)	6,990	5,683	248	(64)	10,983	165	11,147
Balance at 31 March 2014	10,328	6,933	-	17,261	(538,013)	37,340	13,682	194	(469,537)	454	(469,084)

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.

Year ended 31 March 2014			Year ended 31 March 2015		
£'000	£'000	£'000	£'000	£'000	£'000
Expenditure	Income	Net	Expenditure	Income	Net
4,879	(295)	4,584	4,768	(174)	4,594
50,696	(1,614)	49,082	46,804	(449)	46,355
154	0	154	147	0	147
731	(684)	47	758	(722)	36
1	(787)	(786)	7	(984)	(977)
56,461	(3,380)	53,081	52,484	(2,329)	50,155
12		12	31		31
24,425	(115)	24,310	24,422	(115)	24,307
0	(49,539)	(49,539)	0	(46,593)	(46,593)
		27,864			27,899
44	0	44	0	0	0
		27,907			27,898
		(524)			(1,690)
		(38,531)			15,930
		(39,055)			14,240
		(11,147)			42,139

GROUP BALANCE SHEET

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

31-Mar-14	31-Mar-15
£'000	£'000
68,217 Property, Plant & Equipment	72,235
635 Intangible Assets	718
68,852 Long Term Assets	72,953
302 Inventories	295
24,210 Short-Term Investments	19,138
4,298 Short-Term Debtors	5,373
291 Cash and Cash Equivalents	617
29,101 Current Assets	25,423
(494) Cash and Cash Equivalents (Liability)	-
(8,850) Short-Term Creditors	(8,118)
(556) Short-Term Provisions	(343)
(1,415) Short-Term Borrowing	(1,590)
(11,315) Current Liabilities	(10,051)
(16,638) Long Term Borrowing	(15,303)
(539,082) Other Long-Term Liabilities	(584,701)
(555,720) Long Term Liabilities	(600,004)
(469,084) Net Assets	(511,678)
17,261 Usable Reserves	15,829
(486,797) Unusable Reserves	(527,507)
454 Group Income and Expenditure Reserve	-
(469,084) Total Reserves	(511,678)

GROUP CASH FLOW STATEMENT

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.

31-Mar-14	31-Mar-15
£'000	£'000
(27,907) Net Surplus or (Deficit) on the Provision of Services	(27,899)
Adjust Net Surplus or Deficit on the Provision of Services for Non	
35,330 Cash Movements	32,123
Adjust for items included in the Net Surplus or Deficit on the	
(1,028) Provision of Services that are Investing and Financing Activities	(1,024)
6,395 Net Cash Flows from Operating Activities	3,200
(5,569) Investing Activities	(1,030)
(665) Financing Activities	(1,350)
161 Net Increase or (Decrease) in Cash and Cash Equivalents	820
Cash and Cash Equivalents at the Beginning of the	
(364) Reporting Period	(203)
Cash and Cash Equivalents at the End of the Reporting	
(203) Period	617
161 Total Movement	820

Notes to the Group Accounts

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 2014/15 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 Humberside Fire Authority. In order to align group entities accounting policies to those used by the Authority and ensure consistency of accounting treatment across the group, the following policies have been adopted:

International Financial Reporting Standards

The Authority produces its financial statements in accordance with IFRS. Where UK GAAP is still being used by group entities, their financial statements are adjusted to reflect IFRS where any changes have a material effect on the presentation of the Group Financial Statements.

Group Adjustments

No Adjustments have been made to the Group Financial statements.

CERTIFICATIONS

We, the undersigned, certify that:-

The Statement of Accounts represents a true and fair view of the financial position of the Humberside Fire Authority as at 31 March 2015 and the Comprehensive Income and Expenditure for the year ended 31 March 2015.

.....
D Sanders – Chief Fire Officer & Chief Executive

.....
Councillor John Briggs – Chair

.....
K. Wilson – Executive Director Service Support/Section 151 Officer

25th September 2015 (authorised for issue date)

Appendix 1 – Annual Governance Statement

Humberside Fire Authority

ANNUAL GOVERNANCE STATEMENT 2014/15

Scope of Responsibility

1. The Humberside Fire Authority (HFA) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The HFA also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
2. In discharging this overall responsibility, the HFA is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions which includes arrangements for the management of risk.
3. The HFA has approved and adopted a code of corporate governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy/Society of Local Authority Chief Executives (CIPFA/SOLACE) Framework Delivering Good Governance in Local Government. A copy of the code can be obtained from the Secretary to the Fire Authority.
4. This statement explains how the HFA has complied with the code and also meets the requirements of regulation 4(3) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of an Annual Governance Statement.

The purpose of the governance framework

5. The governance framework comprises the systems and processes, culture and values, by which the HFA is directed and controlled. The framework demonstrates how the HFA accounts to, engages with and leads within the community. It enables the HFA to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
6. The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.
7. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the HFA's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
8. The governance framework has been in place at the HFA for the year ended 31 March 2015 and up to the date of approval of the Annual Performance Report and Statement of Accounts.

The Governance Framework 2014/15

9. The key elements of the HFA's governance framework included:
 - a) The Constitution of the Authority which includes:

- Committee Membership and Terms of Reference;
 - Scheme of Delegation to Officers;
 - Financial Procedure Rules;
 - Contract Procedure Rules;
 - Members' Code of Conduct;
 - Officers' Code of Conduct;
 - Protocol for Member and Officer Relationships;
 - Code of Corporate Governance.
- b) The Governance, Audit and Scrutiny Committee, as well as the HFA itself, received regular reports on the Service's performance arrangements.
- c) An approved Corporate Risk/Opportunity Management Strategy and Policy.
- d) An approved 'Local Code of Corporate Governance' in accordance with the CIPFA/SOLACE Framework for Corporate Governance.
- e) The designation of the Chief Fire Officer as Chief Executive responsible to the HFA for all aspects of operational management.
- f) The designation of the Executive Director Service Support as S.151 Officer (Local Government Act 1972) in accordance with Section 112 of the Local Government Finance Act 1988 and conforming with the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2010).
- g) The designation of the Secretary as Monitoring Officer with the requirement to report to the full HFA if it is considered that any proposal, decision or omission would give rise to unlawfulness or maladministration.
- h) The Corporate Planning and Performance Manager has had monthly meetings with the Chief Fire Officer & Chief Executive. The outcomes of these meetings have been considered by the Corporate Management Team (CMT) at their meetings. The purpose of these meetings is to provide a strategic overview of the HFA control environment, the response to external audit, performance management, strategic planning and scrutiny of Risk and Opportunity Management.
- i) The production of monthly Management Accounts and Prudential Indicators which are distributed to all Members of the Corporate Management Team and are considered at the Governance, Audit and Scrutiny Committee meetings and the HFA.
- j) The Service and Finance Planning process.
- k) An approved Asset Management Strategy and Asset Management Plans for HFA assets.
- l) In accordance with the Service Business Planning Framework the Strategic Plan and Integrated Risk Management Plan (IRMP) for 2015/18 ensure a three year plan, linked to financial planning. The Strategic Plan and IRMP 2015/18 were approved by HFA on the 12 December 2014 following a six week period of public and internal consultation.
- m) The Strategic Plan 2015/18 includes strategic objectives; the service financial outlook; the service's performance, risk and project management and Directorate responsibilities.
- n) The IRMP 2015/18 takes account of the requirements of the 2012 fire and rescue national framework for England, providing a detailed assessment of the risks facing our communities and personnel and the measures taken to mitigate those risks.
- o) Publicised the Anti-Fraud and Corruption Policy.

- p) Promoted Whistleblowing Policy.
- q) Subscription to Public Concern at Work.
- r) Promoted the Gifts and Hospitality Policy.
- s) The work of the Partnership Forum in identifying and evaluating partnership arrangements.
- t) Member and Officer Development Programmes.
- u) Planned Member Days.
- v) An approved Treasury Management Policy and Prudential Indicators.
- w) An approved HFA Performance Management Framework.
- x) A Protective Security Group.
- y) Maintenance of the ISO 14001 Environmental Management Standard.
- z) Maintenance of the Fire and Rescue Service Equality Framework.
- aa) The Governance, Audit and Scrutiny Committee, as well as the HFA itself, receives regular reports on the performance of HFR Solutions Community Interest Company.
- bb) The approval of a policy and procedure regarding the Community Right to Challenge (Localism Act), enforced June 2012.
- cc) Operational Assessment by annual self-assessment and three yearly peer audit, conducted in March 2013.
- dd) An annual Customer Service Excellence Audit, conducted in January each year.
- ee) Annual Performance and Quarterly Performance Reports.

Review of Effectiveness

10. The HFA has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
11. The HFA reviewed the effectiveness of the GAS Committee and its membership in March 2014 leading to a revision of Article 6 of the Constitution which describes the composition and functions of the GAS Committee.
12. The Governance, Audit and Scrutiny Committee throughout 2014/15 received reports from Internal Audit in respect to the internal control environment. The internal audit plan is informed significantly by the Strategic Risk Register.
13. The induction and training of new Members during 2014/15 has further enabled Members to discharge the functions of the HFA.
14. From the AGM in June 2014 to the end of the 2014/15 cycle, the HFA Committees met as follows:-

HFA 8 occasions
 Governance Audit and Scrutiny Committee 8 occasions

15. Members of the Governance, Audit and Scrutiny Committee received Management Accounts for review.
16. The review of the effectiveness of the system of internal control is informed by:
 - The work of Senior Officers
 - The work of Internal Audit
 - The Corporate Risk Opportunity Management Strategy
 - Performance information
 - The Audit Commission in their Annual Governance Letter and other reports
17. Internal Audit has undertaken a number of reviews during 2014/15. The following areas were covered:
 - Finance and resources
 Combined financial systems
 Savings plan delivery
 - Performance
 Performance Management/data quality
 Business/community safety
 - Operational compliance
 IT infrastructure
 Mobile computing
 Operational reviews (stations/fleet/equipment etc.)
 - Governance, risk and legality
 Governance/legal compliance
18. The Internal Audit Annual Report 2014/15 identifies that the Service has an adequate, effective and reliable framework of internal control. This is evidenced by the overall assurance rating of 'significant'.
19. The effectiveness of the governance framework is considered throughout the year by the Corporate Management Team, the Governance, Audit and Scrutiny Committee and the Fire Authority. Much of this is discharged through internal reports such as the monthly Management Accounts and the quarterly performance reports as well as the work of internal and external audit. Any significant issues are captured via the risk management system and considered by the Fire Authority where appropriate.
20. During 2014/15 the creation of a comprehensive Assurance Map for the Service has helped to inform the work of CMT, the Governance, Audit and Scrutiny Committee and Internal Audit. This will be developed further during the 2015/16 financial year.
21. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Corporate Management Team and the Governance, Audit and

Scrutiny Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Significant Governance Issues 2014/15

22. The role of the Governance, Audit and Scrutiny Committee was refocused in 2014/15 through the creation of a GAS Development Plan which included the following aspects (not exhaustive):-
- Greater engagement of the Chair of the GAS Committee in setting the agendas for the GAS Committee meetings;
 - Focusing the Committee's Scrutiny work programme to ensure that tangible outcomes are achieved;
 - Ordering the agenda of the GAS Committee meetings to ensure the core areas of governance, audit and scrutiny are covered;
 - Developing a programme of work for the GAS Committee that dovetails with the work of Internal Audit;
 - Closer working between the GAS Committee and the HFA where possible.
23. The actions implemented in the GAS Development Plan have already made a demonstrable positive change to the work and outcomes of the Committee's work.
24. A new and more focused Corporate Management Team structure was also trialled from 1 May 2014. The trial was approved as a permanent arrangement at the February 2015 Fire Authority meeting. The new structure has the following key aspects:-
- Greater accountability and clarity of roles;
 - A lower number of senior managers (reduced from 9 to 7);
 - A clear relationship between Service Delivery and Service Support.
25. Beyond this, work is underway through the Authority's Service Redesign Programme to identify further efficiency options in the 'non-fire engine' parts of the Service.

Conclusions

26. This Annual Governance Statement for 2014/15 provides Members with a high level of assurance on the Authority's governance arrangements.

Signed

.....
Chair of the Authority

.....
Chief Fire Officer & Chief Executive

.....
S.151 Officer

.....
Secretary & Monitoring Officer

Appendix 2

Revenue Variances

2013/14 Actual £'000		2014/15		
		Revised Estimate £'000	Actual £'000	Variance £'000
2,709	Community Fire Safety	3,261	2,970	(291)
30,761	Fire Fighting & Rescue Operations	30,500	29,801	(699)
-	Fire Service & Emergency Planning	-	-	-
12,399	Management & Support	12,220	11,849	(371)
154	Corporate Democratic Core	163	146	(17)
47	Corporate Management	47	36	(11)
(787)	Non Distributable Costs/Income	(1,010)	(984)	26
45,283	Net Cost of Service	45,181	43,818	(1,363)
890	Interest Payable and Similar Charges	804	818	14
(115)	Interest Receivable	(50)	(115)	(65)
46,058	Net Operating Expenditure	45,935	44,521	(1,414)
(18,976)	Precepts	(19,361)	(19,361)	-
(3,231)	Business Rates	(3,252)	(3,239)	13
(4,810)	General Government Grants	-	(1,852)	(1,852)
(20,550)	Non-Domestic Rates Distribution	(22,124)	(22,141)	(17)
(1,509)	(Surplus)/Deficit for the Year	1,198	(2,072)	(3,270)
	Accounting Adjustments			
995	Grants and Contributions Deferred	-	995	995
(2,760)	Depreciation and Impairment of Fixed Assets	(2,637)	(2,629)	8
2,838	Revenue Contribution to Capital Outlay	2,195	3,449	1,254
1,766	Minimum Revenue Provision	1,692	1,716	24
	Contributions to/(from)			
(2,803)	Earmarked Reserve	(2,582)	(2,862)	(280)
4	General Reserve	133	133	-
(1,468)	Net (Surplus)/Deficit	-	(1,269)	(1,269)

	Overspend / (Underspend) £'000
Community Fire Safety	
Retained	
Less work carried out by RDS staff on CFS work	(49)
Support Staff	
Fewer support staff are in the LGPS than anticipated which has resulted in lower employer pension contributions	(56)
Income	(177)
a) More maintenance of fire extinguishers was carried out than anticipated	
b) Additional income in respect of BTEC and Prince's Trust	
Fire Fighting & Rescue Operations	
Wholetime Staff	(568)
a) Reduction in the number of supernumeraries following retirements and secondments	
b) A reduced level of overtime	
Retained	
Less callouts than anticipated	(180)
Asset Rentals	
Increase in the value of properties	239
Income	(144)
a) Income received from insurers re. Epworth Fire Station	
b) Income received as part of the medical responder scheme	
c) Income relating to aerial rentals was slightly more than anticipated	
Management and Support Services	
Support Staff	
Less support role vacancies than anticipated	171
Other Pensions Costs	143
a) A higher level of ill health retirements than anticipated	
b) Additional strain costs	
Agency Staff	
Additional agency staff to cover vacant posts	168
Course Fees	
Less has been spent on course fees than originally anticipated	(121)
Petrol	
Less fuel consumed than anticipated during 2014/15	(159)
Stock Adjustment	
Write off of obsolete stock held at original cost	31
Uniforms	
More was spent on uniforms than originally anticipated during 2014/15	26
Office Equipment	
Additional office equipment purchased during 2014/15	35

Cont....

	Overspend / (Underspend) £'000
Cont...	
Legal Services	(197)
a) Reversal of a legal provision has created a significant underspend	
b) A higher level of legal fees than originally anticipated	
Asset Rentals	
Decrease in the value of properties	(238)
Other Contributions	
Additional grant received from DCLG	(180)
Interest Receivable	
Interest rates have gradually increased throughout the year	(65)
Accounting Adjustments	
Revenue Contribution to Capital Outlay	111

Appendix 3

Capital Expenditure

Project	2014/15		
	Revised Estimate	Actual	Variance
	£'000	£'000	£'000
Buildings			
Clough Road	2,910	1,930	(980)
Immingham West	175	105	(70)
Bransholme	350	22	(328)
Brough	1,100	23	(1,077)
Howden	120	-	(120)
Withernsea	110	90	(20)
Training Infrastructure	2,037	159	(1,878)
Station End Equipment	100	-	(100)
Brigg	240	17	(223)
Invest to Save	210	136	(74)
East Coast Consortium	1,143	1,143	-
Vehicles			
Operational	2,811	352	(2,459)
Support	356	359	3
Plant & Equipment			
IT Equipment			
- Core Programme	372	424	52
- Management Information System	36	-	(36)
Equipment	511	259	(252)
Breathing Apparatus	645	125	(520)
	13,226	5,144	(8,082)

Analysis of the most significant capital variances:

	Overspend/ (Underspend)
	£'000
North Hull	
Work anticipated to be completed during 2015/16	(980)
Bransholme	
Work anticipated to be completed during 2015/16	(328)
Brough	
Work anticipated to be completed during 2015/16	(1,077)
Howden	
Work anticipated to be completed during 2015/16	(120)
Training Infrastructure	
Work anticipated to be completed during 2015/16	(1,868)
Brigg	
Work anticipated to be completed during 2015/16	(223)
Invest to Save	
Work anticipated to be completed during 2015/16	(74)
Station End Equipment	
Work anticipated to be completed during 2015/16	(100)
Vehicles	
Appliances will not be completed until 2015/16	(2,459)
Plant & Equipment	
Part of operational equipment now slipped into 2015/16	(252)
Purchase of breathing apparatus now slipped into 2015/16	(520)

Appendix 4

Glossary of terms

Accounting Period	The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the balance sheet date.
Accruals	Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.
Actuarial Gains and Losses	For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because : events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.
Agency Arrangements	An arrangement between two organisations where one will act as an agent, collecting money on behalf of the other party, to whom the money is then paid over. An example of this is council tax collections, where the four local authorities collect money from tax payers on behalf of the Fire Authority and then pay it over.
Asset	An item having value to the Authority in monetary terms. Assets are categorised as either current or non-current: A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and inventories); A non-current asset provides benefits to the Authority and to the services it provides for a period of more than one year and may be tangible e.g. a fire station or intangible , e.g. computer software licences.
Audit of Accounts	An independent examination of the Authority's financial affairs.
Balance Sheet	A statement of the recorded assets, liabilities and other balances at the end of the accounting period.
Budget	The forecast of net revenue and capital expenditure over the accounting period.
Capital Expenditure	Expenditure on the acquisition of a non-current asset, which will be used in providing services beyond the current accounting period or expenditure that adds to, and not merely maintains, the value of an existing non-current asset.

Capital Financing	Funds used to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, revenue reserves and earmarked reserves.
Capital Programme	The capital schemes the Authority intends to carry out over a specified period of time.
Capital Receipts	The proceeds from the disposal of land or other non-current assets. Capital receipts can be used to finance new capital expenditure, but they cannot be used to finance revenue expenditure.
Cash Equivalents	Short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
Component	A part of an asset requiring separating from the total (host) asset into an asset in its own right as it has a cost that is significant in relation to the total cost of the asset. If the components also have a significantly different depreciable life from the host then it is depreciated separately.
Comprehensive Income and Expenditure Statement	Shows the accounting economic 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.
Consistency	The concept that the accounting treatment of like items, within an accounting period and from one period to the next, are the same.
Consolidation	The process of combining the Financial Statements from Humberside Fire Authority and HFR Solutions.
Contingent Asset	A possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority.
Contingent Liability	<p>A contingent liability is either:</p> <p>a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority, or</p> <p>a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.</p>

Prior Year Adjustment	Material adjustments applicable to prior years arising from changes in accounting policies or from the correction of material errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.
Projected Unit Method	An assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
Prospective Application	Applying new accounting policies to transactions, other events and conditions occurring after (not before) the date as at which the policy is changed and recognising the effect of the change in the accounting estimate in the current and future period affected by the change.
Provision	An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur as a result of a past event, but the amounts or dates of which they will arise are uncertain.
Public Works Loan Board (PWLB)	A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the Government itself can borrow.
Related Parties	There is a detailed definition of related parties IPSAS 20. For the Authority's purposes, related parties are deemed to include the Authority's Members, Senior Officers and their close family, partners, levying bodies, other public sector bodies, the Pension Fund and Assisted Organisations.
Related Party Transactions	The Code requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.
Remuneration	All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the monetary value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.
Reserves	The residual interest in the assets of the Authority after deducting all of its liabilities. These are split into two categories, usable and unusable. Usable reserves are those reserves that contain resources that an authority can apply to fund expenditure of either a revenue or capital nature (as defined). Unusable reserves are those that an authority is not able to utilise to provide services. They hold unrealised gains and losses (for example the revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences

	between expenditure being incurred and its financing e.g. Capital Adjustment Account.
Residual Value	The net realisable value of an asset at the end of its useful life.
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.
Retrospective Application	Applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied. Opening balances and prior year income and expenditure comparatives must be adjusted.
Revaluation Loss	A reduction in the value of a non-current asset below its carrying amount in the Balance Sheet, caused by a general fall in prices across a whole class of assets.
Revenue Expenditure	The day-to-day expenses of providing services.
Revenue Support Grant	A grant paid by Central Government to authorities, contributing towards the general cost of services.
Single Entity	Refers to transactions and balances that form part of the Fire Authority Accounts, without including any transactions and balances that relate to HFR Solutions.
Tax Expenses	The amount of expenditure estimated to pay the tax liability on the current year surplus of HFR Solutions.
Temporary Borrowing	Money borrowed for a period of less than one year.
True and Fair View	The Statement of Accounts should be the faithful representation of the effects of the transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the code. Compliance with the Code is presumed to result in financial statements that achieve a true and fair presentation.
Useful Economic Life	The period over which the Authority will derive benefits from the use of a non-current asset.

Appendix 5

Feedback form

Humberside Fire Authority

STATEMENT OF ACCOUNTS 2014/15 FEEDBACK FORM

The Statement of Accounts evolves each year and not withstanding a large amount of information being prescribed by the Accounting Codes of Practice, the Authority attempts to make the document as readable and user friendly as possible.

We would therefore welcome any comments from readers on the Statement of Accounts regarding improvements to the layout and readability for future years. If you could complete the following questionnaire and return it to the address below we will try to accommodate any comments received. Alternatively, if you are viewing this document on the internet, there is an on-line form which you can submit.

We will attempt to incorporate any comments received by 31 March 2015 into the 2014/15 Statement of Accounts where possible and the Authority will try to include any comments received after that date into future year's documents.

1. Please indicate in what capacity you are viewing this Statement.

Local Tax Payer

Local Business

Other, please specify

.....

2. Is the format and the layout of the Accounts easy to understand and follow?

Yes

No

If not why not?

3. Did you find the information you were looking for?

Yes

No

If no, why?

4. Any other comments you have would be welcome:

Please return to:
(Freepost)

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