ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service

Policy and Strategy Committee

10:00	**Wednesday, 23 September 2015**	**Kelvedon HQ GF/01,**

Quorum: 5

Membership

Councillor A Hedley	Chairman
Councillor B Aspinell	
Councillor J Chandler	
Councillor A Erskine	
Councillor A Holland	Vice-Chairman
Councillor J Jowers	
Councillor C Kent	
Councillor A Naylor	
Councillor Lady P Newton	
Councillor P Oxley	

For information about the meeting please ask for:
Judith Dignum (Committee Services Manager, Essex County Council)
03330134579 / judith.dignum@essex.gov.uk

Essex Fire Authority and Committees Information

Meetings of the Authority and its committees are open to the press and public, although they can be excluded if confidential information is likely to be considered.

Meetings are held at Essex County Fire and Rescue Service Headquarters, Kelvedon Park, Rivenhall, Witham, CM8 3HB. A map can be found on the Essex County Fire and Rescue Service's website (www.essex-fire.gov.uk); from the Home Page, click on 'Contact Us'.

There is ramped access to the building for wheelchair users and people with mobility disabilities.

Please report to Reception when you arrive. The meeting rooms are located on the ground and first floors of the building and are accessible by lift where required.

If you have a need for documents in an alternative format, in alternative languages or in easy read please contact the Committee Services Manager (contact details on the front page) before the meeting takes place. If you have specific access requirements please inform the Committee Services Manager before the meeting takes place.

The agenda is also available on the Essex County Fire and Rescue Service website, (www.essex-fire.gov.uk). From the Home Page, click on 'Essex Fire Authority', then scroll down the page and select the relevant documents.

Part 1
(During consideration of these items the meeting is likely to be open to the press and public)

Please note that the attached reports are in draft form and should be treated as attached confidential

9 **Auditor's Report on Accounts**
To receive a report by the Finance Director and Treasurer (EFA/079/15) - *to follow*.
When available, this report will appear at the bottom of the webpage.

10 **Invest to Save Proposal - Installation of Solar Panels - Closure Report** **125 - 128**
To receive a report by the Finance Director and Treasurer (EFA/080/15).

11 **Date of Next Meeting**
To note that the next meeting of the Committee will take place on Wednesday 4 November 2015 at 10.00am.

12 **Urgent Business**
To consider any matter which in the opinion of the Chairman should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.

Exempt Items

(During consideration of these items the meeting is not likely to be open to the press and public)

To consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part I of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

In each case, Members are asked to decide whether, in all the circumstances, the public interest in maintaining the exemption (and discussing the matter in private) outweighs the public interest in disclosing the information.

13 **Investigation Report**

- Information relating to any individual;
- Information which is likely to reveal the identify of an individual;

14 **Urgent Exempt Business**

To consider in private any other matter which in the opinion of the Chairman should be considered by reason of special circumstances (to be specified) as a matter of urgency.

MINUTES OF A MEETING OF THE ESSEX FIRE AUTHORITY POLICY & STRATEGY COMMITTEE HELD ON WEDNESDAY 24 JUNE 2015 AT 10:00AM

Present:

Councillor A Hedley	Chairman
Councillor B Aspinell	
Councillor J Chandler	
Councillor A Erskine	
Councillor A Holland	Vice-Chairman
Councillor J Jowers	
Councillor C Kent	
Councillor Lady P Newton	
Councillor P Oxley	

Councillor A Bayley also attended.

The following Officers were present in support throughout the meeting:

Dave Bill	Assistant Chief Fire Officer - Operations
Roy Carter	Service Solicitor
Glenn McGuiness	Deputy Director of Finance
Lindsey Stafford-Scott	Director of Human Resources and Organisational Development
Shirley Jarlett	Deputy Clerk and Monitoring Officer
Judith Dignum	Secretary to the Committee
Fiona Lancaster	Committee Officer (Essex County Council)

Apologies for absence were received from Councillor A Naylor, Mr A Eckley (Acting Chief Fire Officer) and Mr M Clayton (Finance Director and Treasurer).

1. Membership

The membership of the Committee, as agreed at the Annual Meeting of Essex Fire Authority on 10 June 2015, was noted.

2. Declarations of Interest

Councillor A Holland declared a personal interest in agenda item 5 (2014/15 Accounts and Governance Statement) in that she is a director of EFA (Trading) Ltd (minute 4 below refers).

3. Minutes

The minutes of the meeting held on 18 March 2015 were agreed as a correct record and signed by the Chairman.

Arising from consideration of minute 6 (Programme 2020), and in response to a question by Councillor Kent, the Chairman confirmed that there would be an opportunity at a forthcoming meeting of Essex Fire Authority for representatives from all appropriate Trades Unions to address Members regarding proposals for the future design of the Service. Standing orders would be suspended to allow this to take place. The Chairman informed the Committee that he held regular meetings with Trades Unions and shared the content of such meetings with Members, where it was appropriate to do so.

4. 2014/15 Accounts and Governance Statement

Councillor A Holland declared a personal interest in this item (minute 2 above refers).

The Committee considered report EFA/054/15 by the Acting Chief Fire Officer and the Finance Director and Treasurer which stated that, under The Accounts and Audit (England) Regulations 2011, the Fire Authority was required to approve an Annual Governance Statement , which may be included in the statement of accounts and published by 30 June. The report provided a review of the key governance arrangements and a summary of the key issues from the accounts for 2014/15.

The following points arose from consideration of the report:

- It was noted that the current position with regard to the weakness in assurance around risk management, together with details of the plan to address this, would be reported to the July meeting of the Audit, Governance and Review Committee.

- The Committee noted that identified weaknesses in assurance relating to HR Transactional Processing were being addressed through the ongoing SAP (HR information system) Development Project.

- The Deputy Director of Finance undertook to provide information to Cllr Jowers outside the meeting as to why there had been nine internal audit reviews carried out in 2014/15 compared with 14 in 2011/12. He commented that a less favourable review outcome, while disappointing, could indicate effectiveness in identifying areas where improvement was needed.

- The Committee considered the need for increased income generation and how this may be achieved. The Service Solicitor advised that Fire and Rescue Services had powers to raise income under the Localism Act 2011.

In Essex, this was undertaken through EFA (Trading) Ltd. It was agreed that income generation should form one of the issues for consideration at the next Members' awayday in the autumn.

- It was noted that responsibility for valuing the Service's assets rested with the Fire Authority's appointed property advisers, Lambert Smith Hampton.

- Members noted that the Hutton site appeared on the Balance Sheet as a surplus asset. The plans for the future disposal of the site, and the need for timely realisation of the associated capital receipt, were considered. Responsibility for approving any disposal lay with the full Fire Authority.

Resolved:

1. That, following the review at the meeting, the Annual Governance Statement be agreed.

2. That the Review of Accounting Policies be agreed.

3. That the use of estimates in the accounts be agreed.

4. That it be noted that the Finance Director and Treasurer will sign and date the Accounts for 2014/15 by 30 June 2015.

5. That the Chairman of the Authority and the Acting Chief Fire Officer be authorised to sign the Annual Governance Statement.

6. That the subject of income generation be included on the agenda for the next Members' awayday in autumn 2015.

5. Budget Review May 2015

The Committee considered report EFA/055/15 by the Finance Director and Treasurer which reviewed expenditure against budget as at 31 May 2015 and identified major variances to the budget for the period.

The following information was provided in response to Members' questions and concerns:

- The Deputy Director of Finance advised that work was in hand to address the overspend on casual and temporary staff.

- The Assistant Chief Fire Officer - Operations advised that the high numbers of whole-time fire-fighter retirements and leavers were not expected to impact unduly on remaining staff, even at times of extra training and peak holiday times. This could be explained largely by a reduction in the number of incidents as a result of effective prevention and protection work.

The Committee gave detailed consideration to issues relating to mixed crewing and greater flexibility for fire-fighters to undertake additional shifts. The need to adhere to the established industrial relations framework in seeking to progress these and similar issues was acknowledged.

Resolved:

That the review of income and expenditure against the budget, together with the actual position with regard to capital expenditure, be noted.

6. Date of Next Meeting

It was noted that the next meeting of the Committee would take place on Wednesday 23 September at 10.00am.

7. Urgent Business

Update on Control Mobilising System

The Chairman agreed to consideration of this item as a matter of urgency on the grounds that there was a need to update the Committee on the latest developments with regard to the new control mobilising system.

The Assistant Chief Fire Officer – Operations gave an update on the latest position with regard to difficulties in implementing the new control mobilising system, commenting on the options and proposals for moving forward with the supplier. Members gave detailed consideration to the issue, noting that the Chairman had asked to attend a meeting with the supplier's directors. The Committee wished to place on record that the current difficulties were in no way the fault of Essex County Fire and Rescue Service staff, who had performed excellently throughout.

The meeting closed at 11.10am.

Chairman
23 September 2015

ESSEX FIRE AUTHORITY
Essex County Fire & Rescue Service

MEETING **Policy and Strategy Committee**	AGENDA ITEM **4**
MEETING DATE 23 September 2015	REPORT NUMBER **EFA/074/15**
SUBJECT **2014/15 Accounts and Annual Governance Statement**	
REPORT BY The Finance Director & Treasurer, Mike Clayton	
PRESENTED BY The Finance Director & Treasurer, Mike Clayton	

SUMMARY

Under the Accounts and Audit Regulations 2011, Members of the Fire Authority must approve the Statement of Accounts and publish them by 30 September. This paper provides a summary of the key issues from the audit of the accounts.

RECOMMENDATIONS

Members of the Policy & Strategy Committee are asked to:

1. Note the Auditors Report;
2. Review and agree the Annual Governance Statement;
3. Review and agree the unadjusted audit errors found;
4. Approve the Statement of Accounts;
5. Agree the letter of Representation and authorise the Chairman to sign it on the Committee's behalf;
6. Authorise the Chairman and Acting Chief Fire Officer to sign the Annual Governance Statement.; and
7. Authorise the Chairman to sign the Statement of Accounts.

BACKGROUND

Members approved the Annual Governance Statement in June and this was included in the draft accounts that were published at that time. Following a review, a small change to the governance statement has been made. The amended statement is included in the Statement of Accounts at Appendix 1.

SIGNIFICANT CHANGES TO THE ACCOUNTS

In May 2015 the Pensions Ombudsman published his determination in the case of Milne vs the Government Actuary's Department (GAD). This determined that GAD should have reviewed the lump sum commutation factors used by the Firefighters Pension Scheme between 2001 and 2006. In July (after the draft accounts were published) the government confirmed that it accepted the decision and that they would fund the liability falling on the Authority for increased lump sum payments to firefighters who retired between 2001 and 2006. On the basis of the government confirmation referred to above provision was initially made in the Pension Account for an estimated liability (and government grant) of £2,516k, based on a sample of the firefighters affected in this Authority.

Following further and final guidance issued on 9th September the estimated liability is to be treated as a non-adjusting post balance sheet event, the effect of this is that the estimated liability charged to the pension account has been removed from the books and financial statements and replaced with a note explaining the liability which will now pass through the books and financial statements in 2015-16.

UNADJUSTED ERRORS & LETTER OF REPRENSENTATION

The Auditors report will bring forward any unadjusted errors that they have identified. The letter of representation includes reference to these "unadjusted errors" and will be circulated at the meeting.

RISK ANALYSIS

The results of the Auditor's review have been reported to the Committee in their Annual Governance Report.

LEGAL IMPLICATIONS

The Authority must approve and publish accounts by 30 September, after completion of the review by our auditors.

FINANCIAL IMPLICATIONS

There are no financial implications from approval of the Authority's accounts.

USE OF RESOURCES

There is no use of resources implications from approval of the Authority's accounts.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications from approval of the Authority's accounts.

EQUALITY IMPLICATIONS

There are no equality implications from approval of the Authority's accounts.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
Appendices Appendix 1 Statement of Accounts	
List of background documents	
Proper Officer:	Finance Director & Treasurer
Contact Officer:	Mike Clayton, Essex Fire Authority, Kelvedon Park, Witham, CM8 3HB 01376 576000 E-mail: mike.clayton@essex-fire.gov.uk

ESSEX FIRE AUTHORITY

2014/15 ACCOUNTS

Published 23 September 2015

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EXPLANATORY FOREWORD

BY THE FINANCE DIRECTOR & TREASURER

1 Introduction

The Authority's financial performance for the year ended 31 March 2015 is as set out in the Comprehensive Income & Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement. These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting United Kingdom 2014/15. It is the purpose of this foreword to explain, in an easily understandable way, the financial facts in relation to the Authority.

2 The Statement of Accounts

This Statement of Accounts explains the Authority's finances during the financial year 2014/15 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

The Authority's Statement of Accounts for the year 2014/15 comprise:

2.1 Movement in Reserves Statement

This Statement, as set out on page 29, 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 other reserves. The "surplus or (deficit) on the provision of services" line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance. The net increase /decrease before transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

2.2 Comprehensive Income and Expenditure Statement

This statement, as set out on page 30, 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 receive government grants and raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The difference between the two positions is shown in the Movement in Reserves Statement.

2.3 Balance Sheet

The Balance Sheet, as set out on page 31, shows the value at the end of the year of the assets and liabilities recognised by the Authority. The net liabilities of the Authority are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations’.

At the year end the Authority had **£106.3m** of long term assets, mainly comprising fire stations, offices, workshops and fire appliances. These are funded by **£29.5m** of long term loans. The Authority’s general reserve stood at **£3.7m** and the earmarked reserves decreased by **£2.1m** to **£7.8m**.

2.4 Cash Flow Statement

The Cash Flow Statement, as set out on page 32, 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.

3 Firefighters’ Pension Fund

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

3.1 Firefighters’ Pension Fund Account

The statement as set out on page 62 summarises the Firefighters’ Pension Fund financial transactions for the year.

During the year 40 wholetime firefighters retired from the Service. As a result the payment of lump sums was **£3.4m** in 2014/15 compared to **£2.8m** in 2013/14. The amount due from the Department for Communities and Local Government was **£0.8m** at 31 March 2015.

3.2 Firefighters’ Pension Fund Net Assets Statement

This statement as set out on page 62 summarises the net assets relating to the provision of pensions and other benefits payable. Further information is provided in the Notes to the Pension Fund Account.

4 The Service Revenue Account

In 2014/15 the Authority’s total planned net expenditure was **£73.3m.** The final position for the year was a transfer from reserves of **£1.1m**. The end of year position is set out within the following table which compares actual net expenditure with the approved budget.

Just over half (53%) of the net expenditure of the Authority is funded by Council Tax, payable by householders in Essex, Southend-on-Sea and Thurrock. The balance of funding is provided by central government, through a share of non-domestic rates and revenue support grant. Specific grants provided by the government, for example to support the Authority’s Urban Search and Rescue unit are included in operational income.

2014/15	Approved Budget	Actual Expenditure	Variance overspend/ (underspend)
Net Revenue Expenditure	**£000**	**£000**	**£000**
Firefighters	36,248	34,729	(1,519)
Firefighters - Retained Duty System	5,736	6,182	446
Control	1,653	1,673	19
Support Staff	11,129	11,295	165
Total Employment Costs	**54,766**	**53,879**	**(888)**
Support Costs	2,182	1,911	(271)
Premises & Equipment	10,154	10,603	449
Other Costs & Services	3,524	3,329	(196)
Ill health pension costs	201	2,077	1,876
Statutory Provision for Capital Financing	6,675	5,639	(1,036)
Voluntary Provision for Capital Financing	60	-	(60)
Financing Items	1,971	1,963	(8)
Contribution to/(from) Reserves	(2,175)	(1,105)	1,070
Total Other Costs	**22,592**	**24,417**	**1,824**
Total Gross Expenditure	**77,358**	**78,296**	**938**
Operational Income	(4,087)	(5,044)	(957)
Total net expenditure outturn	**73,271**	**73,252**	**(19)**

During the year expenditure has been kept under strict management control thus ensuring that only essential expenditure was incurred.

The Authority continued to operate a freeze on the recruitment of full time firefighters, in addition, a combination of more firefighters electing to retire than budgeted and savings on overtime and additional shift working costs resulted in an underspend for the year of **£1.5m**. Overall support and other costs were in line with budget.

The overspend of **£1.9m** on ill health pension costs relates to additional injury payments which, following a review in July 2014, were identified as payable by the Authority and not the Pension Account. Whilst the 2013/14 Accounts were adjusted to reflect this, the cost was not included in the 2014/15 budget as the liability was not evident when the budget was approved in February 2014.

5 Capital expenditure

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

2014/15	**Approved Capital Expenditure**	**Actual Capital Expenditure**	**Variance overspent / (underspent)**
	£000	**£000**	**£000**
Property	5,687	4,947	(740)
Vehicles	1,841	767	(1,074)
Information Systems & Equipment	3,860	2,995	(865)
Total capital payments	**11,389**	**8,710**	**(2,679)**
Internal Resources	8,630	5,821	(2,809)
Grants	2,759	2,889	130
Total capital funding	**11,389**	**8,710**	**(2,679)**

The Authority's capital expenditure programme included **£2.4m** for the further development of Kelvedon Park. We invested **£1.3m** in our property portfolio mainly on fire stations and training facilities and also a further **£1.2m** on solar panels. In addition there was spend of **£3.8m** on ICT and operational equipment and vehicles.

6 Borrowing

The Authority undertakes long term borrowing, for periods in excess of one year, in order to finance its capital spending. During the year the Authority repaid a long term loan of **£4.0m**, leaving the total loans at year end at **£33.5m.** This includes **£4.0m** of short term loans due for repayment in 2015/16. These are all provided by the Public Works Loans Board.

The Authority had set a limit of **£54.9m** for external debt in the year.

7 EFA (Trading) Limited

The trading activities of the Authority were undertaken by a wholly owned subsidiary company EFA (Trading) Limited. The business of the company is to sell training and engineering services. Group Accounts are not produced because the impact of the trading company is not material.

The company employs no staff directly; it operates using staff seconded by the Authority. Group accounts for the combined entities have not been prepared because the net income, expenditure, assets and liabilities of the company would not have a material impact on the results reported. The Trading Company made a small profit for the year to 31 March 2015.

8 Accounting policies

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

The accounting policies adopted by the Authority comply with the Code of Practice on Local Authority Accounting United Kingdom 2014/15.

9 Government Financial Reporting Manual (FReM)

The Code of Practice for Local Authority Accounting encourages authorities to prepare the explanatory forward taking into consideration the provisions of paragraphs 5.2.8 -5.2.12 of the Governments Financial Reporting Manual where these paragraphs disclose information relevant to local authorities.

The paragraphs below deal with relevant matters. Some of the requirements are not relevant to the accounts of the Authority, in particular, there are no significant contractual or other arrangements which are essential to the activities of the Authority, and there are no social and community issues requiring a separate item.

10 Financial outlook

The Authority adopts a prudent approach to budgeting and seeks to set a budget that is both affordable and sustainable over the medium term. The budget for 2015/16 was approved by the Fire Authority in February 2015 and reflects a reduction in the total budget from £73.3m (2014/15) to £71.8m (2015/16). The service has already made efficiency savings to enable this reduction to be absorbed and produce a balanced budget for 2015/16. The Authority continues to actively identify savings in order to provide funds for continuing improvements and ensure we continue to operate to a stable and balance budget.

The budget for 2015/16 is available at: http://www.essex-fire.gov.uk/_img/pics/pdf_1428920325.pdf

A review is carried out each year to determine an appropriate level of reserves to ensure that the Authority has sufficient financial resilience to cover emergencies and unforeseen events.

The level of reserves at 31st March 2015 is £11.6m. The level of general and earmarked reserves is particularly important and will help mitigate against risk of overspend in future years. In this context a reduction in our government grant of £2.6m will be made in 2015/16 and a period of further financial constraint is expected over the next few years.

11 Risks and uncertainties

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

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

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

12 Environmental matters

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

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

13 Employees

As at 31 March 2015 the Authority employs 1,540 people comprising 756 wholetime and 486 retained firefighters, 36 control staff and 262 support staff. We aim to ensure that our employment policies reflect best practice.

The Workforce Transformation Programme (WTP) has successfully completed the delivery of all eighteen projects which were envisaged within the redefined Programme inception in April/May 2013 and the Programme is now ready to close.

The closure report for this programme is available to view at: http://cmis.essexcc.gov.uk/essexcmis5/CalendarofMeetings/tabid/73/ctl/ViewMeetingPublic/mid/410/Meeting/3251/Committee/73/SelectedTab/Documents/Default.aspx

We value our people, recognising that their contribution to the organisation is crucial to its on-going growth and development and are committed to the promotion of respect and understanding and to promoting equality of opportunity amongst our employees. We publish details of our policies for equality and diversity on our website at: http://www.essex-fire.gov.uk/Media/Equality__Diversity/

14 Key performance indicators

The Authority actively manages against key corporate objectives, such as changing crewing arrangements to achieve greater efficiency and against key performance indicators including rate of fires, hoax calls attended, appliance availability and mobilising times. Details of performance are reported to the Fire Authority each June and papers are available via the link within 15 Reporting cycle below.

15 Reporting cycle

Budget review papers comparing actual spend against budget for both capital and revenue expenditure are prepared on a monthly basis for both management and members. These reports are reviewed at meetings of both the Audit, Governance and Review Committee and the Policy and Strategy Committee. These papers are published with the papers for each meeting and are available at: http://cmis.essexcc.gov.uk/essexcmis5/CalendarofMeetings.aspx

16 Significant interests held by members and senior officers

The Clerk and Monitoring Officer is responsible for maintaining the Register of Members' Interests in accordance with the provisions of the Localism Act 2011 and the Authority's Code of Conduct. This is available for inspection as required by the Act from: The Clerk and Monitoring Officer, Philip Thomson, Essex Legal Services, Tel: 01245 506760, e-mail: Philip.thomson@essex.gov.uk.

17 Glossary

A glossary of accounting terms is provided on pages 64 to 71 to assist the reader.

18 Further information

Further information about the Authority's accounts is available from the Finance Director & Treasurer to the Fire Authority, Essex Fire Headquarters, Kelvedon Park, CM8 3HB (*by telephone (01376) 576000 or by E-mail mike.clayton@essex-fire.gov.uk*).

Mike Clayton
Finance Director and Treasurer to the Fire Authority
23 September 2015.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Finance Director and Treasurer.

- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

- Approve the Statement of Accounts.

The Finance Director and Treasurer's responsibilities

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

In preparing this Statement of Accounts, the Finance Director and Treasurer has:

- Selected suitable accounting policies and applied them consistently

- Made judgements and estimates that are reasonable and prudent.

- Complied with the local authority Code.

The Finance Director and Treasurer has also:

- Kept proper accounting records which were up to date.

- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Finance Director & Treasurer's certificate

I certify that the Statement of Accounts has been prepared in accordance with the CIPFA/LASAAC Code and present a true and fair view of the financial position of the Authority at 31 March 2015 and its income and expenditure for the year ended 31 March 2015.

Mike Clayton
Finance Director and Treasurer to the Fire Authority
23 September 2015

GOVERNANCE STATEMENT

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards of conduct, probity and professional competence, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty 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.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Authority has approved and adopted a code of corporate governance, which is consistent with the framework of good governance published by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives. This statement explains how the Authority has complied with the code and also meets requirements of the Accounts and Audit Regulations in relation to the publication of an Annual Governance Statement.

The Purpose of the Governance Framework

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

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

The governance framework has been in place at the Authority for the year ended 31 March 2015 and up to the date of approval of the statement of accounts.

The Governance Framework

The Governance Framework is comprised of 6 core principles that are detailed below:

- Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- Developing the capacity and capability of Members and officers to be effective; and
- Engaging with local people and other stakeholders to ensure robust public accountability.

Review of Effectiveness

The Authority 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 strategic managers within the Authority who have responsibility for the development and maintenance of the governance environment, Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The Audit, Governance and Review Committee has been given responsibility for:

- overseeing the implementation and monitoring the operation of the code;
- reviewing the operation of the code in practice; and
- reporting on compliance with the code and any changes that may be necessary to maintain it and ensure its effectiveness in practice.

In addition, the Fire Authority's Internal Auditor has responsibility to review and report to the Authority's Audit, Governance and Review Committee annually, to provide assurance on the adequacy and effectiveness of the Authority's arrangements for governance, risk management and control. An overall positive opinion was given for 2014/15. The provision of Internal Audit Services is through a contract with Baker Tilly LLP. The Authority is able to take substantial assurance from the budgetary controls and the key financial controls.

The Audit, Governance and Review Committee have been advised on the implications of the result of the review of the effectiveness of the governance framework and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Authority's financial management arrangements conform to the governance requirements contained in the CIPFA statement on "The Role of the Chief Financial Officer in Local Government (2010)". Internal Audit reports on the key area of financial controls confirm that they provide substantial assurance to the Authority.

Significant Governance Issues

On the basis of a review of the corporate governance arrangements we report that there are no aspects where there is no evidence of compliance with the core principles. During the year Members reviewed a number of key areas. These included:

- The level of the Authority's financial reserves;
- The Service Strategy 2014-2019; and
- Finance and procurement policies.

A number of areas were identified in the 2013/14 governance statement for further development. The most significant areas and the actions undertaken are summarised below:

Area	Actions
Refresh of the Partnership Register	The register has been amended, but further work to ensure that the Partnership Manager has signed copies of all agreements is required.

Area	Actions
Development and implementation of an action plan to address lack of assurance in Corporate Risk and Business Continuity	The action plan was reported to the Authority and a new risk register reported in February 2015. Further work to develop the engagement of all departmental managers in the management of corporate risks is required to ensure that full assurance can be provided to the Authority.
Completion of the Workforce Transformation Programme	The programme completed in March 2015 and a closure report was noted by the Authority in June 2015.
Review of Authority Work Plan	The Authority reviewed the work plan in April 2015

Member comments, internal audit reports, external audit comment and other reviews have identified a number of areas where further work on governance or control issues is required, Further development of our plans to improve the overall governance arrangements will be carried out in the following areas during 2015/16:

- Completion of an action plan to address lack of assurance in Corporate Risk and Business Continuity;
- The level of reserves and the approach to investment of surplus cash balances; and
- The 2020 programme of Service re-design.

The most significant area to be addressed is the assurance around risk management. This will be done through improvements to risk descriptions and controls, reviewing risks and controls in line with review dates, documenting the assurance process, and reviews of departmental risk registers by the Strategic Management Board, and control measures by the Strategic Delivery Board. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the areas where there is a need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation through the Audit, Governance and Review Committee and as part of our next annual review.

Internal Control

The effectiveness of the internal audit arrangements and the system of internal control were included in the annual governance review. Elements of this review were also informed by the work of the Internal Auditors and the regular reporting on financial and performance issues to Members. As part of these reviews action plans were identified and reported on. There were no materially significant internal control issues identified during the year.

Signed: ________________________________ Chairman, Essex Fire Authority

Signed: _________________________________ Acting Chief Fire Officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESSEX FIRE AUTHORITY

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STATEMENT OF ACCOUNTING POLICIES

1 General

The Statement of Accounts summarises the Authority's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Authority is required to prepare an annual Statement of Accounts in accordance with proper accounting practices by the Accounts and Audit Regulations 2011. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards.

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

2 Exceptional items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

There were no exceptional items arising in the year required to be shown separately in the Comprehensive Income and Expenditure statement.

3 Prior period adjustments, changes in accounting policies and estimates and errors

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

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

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

4 Charges to revenue for non-current assets

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

- depreciation attributable to the assets used by the relevant service

- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off

- amortisation of intangible fixed assets attributable to the service.

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

5 Events after the balance sheet date

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

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events

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

6 Accruals of income and expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

7 Provisions and contingent liabilities

7.1 Provisions

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

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

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

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

7.2 Contingent liabilities

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

8 Reserves

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

Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

9 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 costing principles of the CIPFA Service Reporting Code of Practice 2014/15. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in the code of practice and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

10 Cash and Cash equivalents

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

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

11 Property Plant and Equipment

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

11.1 Recognition

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

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

11.2 Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

11.3 Impairment

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

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

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

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

11.4 Depreciation

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

Deprecation is calculated on the following bases:

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

- vehicles, plant and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer; and

- infrastructure – straight-line allocation over 25 years.

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

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

11.5 Statutory charge for capital financing

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

11.6 Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

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

12 Operating Leases

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

13 Inventories and Long Term Contracts

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

Stock values are reduced by provisions for redundant and slow moving stocks.

14 Government Grants and Contributions

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

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

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

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

15 Employee Benefits

15.1 Benefits Payable During Employment

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

15.2 Termination benefits

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

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

15.3 Post-employment benefits

The Authority participates in three different pension schemes:

15.4 Local Government Pension Scheme

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

The LGPS is accounted for as a defined benefits scheme

- The liabilities of the LGPS pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond.

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

- quoted securities – current bid price

- unquoted securities – professional estimate

- unitised securities – current bid price

- property – market value.

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

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

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

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

- Actuarial gains and losses – changes in the present value of the defined benefit obligation resulting from : a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and b) the effects of changes in actuarial assumptions.

- The return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset).

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

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

Benefits paid – payments to discharge liabilities directly to pensioners.

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

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

15.5 Firefighters' pension schemes

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

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

15.6 Retained firefighters' pension scheme

A stakeholder pension scheme for retained firefighters was established in January 1999. This is a defined contribution scheme arranged between the retained firefighters and the pension company (Scottish Widows Fund and Life Assurance Society) and is administered by Woodgate and Associates.

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

16 Financial Instruments

16.1 Financial Liabilities

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

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

16.2 Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market; and
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

16.3 Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

16.4 Available for sale assets

Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg, dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for -Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve. Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation). Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

17 Value added tax (VAT)

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

ACCOUNTING STATEMENTS

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Earmarked General Fund Reserves	Capital Grants Unapplied	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves of the Authority
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2014	**2,574**	**9,929**	**35**	**1,970**	**14,508**	**(542,088)**	**(527,580)**
Movement in reserves during the year							
Surplus or (deficit) on the provision of services	(30,470)	-	-	-	**(30,470)**	-	**(30,470)**
Other Comprehensive Income and Expenditure	-	-	-	-	**-**	(68,053)	**(68,053)**
Total Comprehensive Income & Expenditure	**(30,470)**	**-**	**-**	**-**	**(30,470)**	**(68,053)**	**(98,523)**
Adjustments between accounting basis & funding basis under regulations (Note 8)	29,552	-	(35)	50	**29,567**	(29,567)	**-**
Net Increase/Decrease before Transfers to Earmarked Reserves	**(918)**	**-**	**(35)**	**50**	**(903)**	**(97,620)**	**(98,523)**
Transfers to or (from) earmarked reserves	2,086	(2,086)	-	-	**-**	-	**-**
Increase (Decrease) in Year	**1,168**	**(2,086)**	**(35)**	**50**	**(903)**	**(97,620)**	**(98,523)**
Balance at 31 March 2015	**3,742**	**7,843**	**-**	**2,020**	**13,605**	**(639,708)**	**(626,103)**

	General Fund Balance	Earmarked General Fund Reserves	Capital Grants Unapplied	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves of the Authority
	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2013	**7,051**	**7,668**	**35**	**1,023**	**15,777**	**(597,872)**	**(582,095)**
Movement in reserves during the year							
Surplus or (deficit) on the provision of services	(23,423)	2,521	-	-	**(20,902)**	-	**(20,902)**
Other Comprehensive Income and Expenditure	-			-	**-**	75,417	**75,417**
Total Comprehensive Income & Expenditure	**(23,423)**	**2,521**	**-**	**-**	**(20,902)**	**75,417**	**54,515**
Adjustments between accounting basis & funding basis under regulations (Note 8)	18,686	-	-	947	**19,633**	(19,633)	**-**
Net Increase/Decrease before Transfers to Earmarked Reserves	**(4,737)**	**2,521**	**-**	**947**	**(1,269)**	**55,784**	**54,515**
Transfers to or (from) earmarked reserves	260	(260)	-	-	**-**	-	**-**
Increase (Decrease) in Year	**(4,477)**	**2,261**	**-**	**947**	**(1,269)**	**55,784**	**54,515**
Balance at 31 March 2014	**2,574**	**9,929**	**35**	**1,970**	**14,508**	**(542,088)**	**(527,580)**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

AS AT 31 MARCH 2015

2013/14 Net £000		2014/15 Expenditure £000	Income £000	Net £000
	Community Safety			
5,597	Statutory inspection, certification and enforcement	6,584	(311)	6,273
8,163	Prevention and education	10,004	(706)	9,298
	Fire Fighting and Rescue Operations			
45,192	Operational responses	54,203	(2,350)	51,853
7,322	Communications and mobilising	8,852	(676)	8,176
771	Securing w ater supplies	981	(136)	845
608	**Fire Service Emergency Planning and Civil Defence**	1,503	(716)	787
	Corporate and Democratic Core			
686	Democratic representation and management	876	(41)	835
70	Corporate management	83	(1)	82
17	Non distributed costs	62	-	62
68,426	**Deficit on Continuing Operations**	**83,148**	**(4,937)**	**78,211**
	Other Operating Expenditure			
490	(Gain) or loss on Disposal of Fixed Assets			(50)
5	Pension administration costs			15
	Financing and Investment Income and Expenditure			
1,764	Interest payable on debt			1,652
-	Interest element of finance leases			-
26,561	Net interest on the net defined benefit liability (asset)			26,334
(117)	Investment interest income			(109)
	Taxation and Non-Specific Grant Income			
(21,692)	Revenue Support Grant			(19,164)
(14,410)	National Non-Domestic Rates			(14,755)
(38,566)	Council Tax & NDR deficit			(38,775)
(1,559)	Capital Grant			(2,889)
20,902	**(Surplus) or Deficit on Provision of Services**			**30,470**
(2,412)	(Surplus) or deficit on revaluation of non current assets			(5,348)
(73,005)	Remeasurements of the net defined benefit liability (asset)			73,401
(75,417)	**Other Comprehensive Income and Expenditure**			**68,053**
(54,515)	**Total Comprehensive Income and Expenditure**			**98,523**

BALANCE SHEET

AS AT 31 MARCH 2015

31 March 2014 £000		Notes	31 March 2015 £000
	Property, Plant & Equipment	10	
86,069	Land and Buildings		92,460
10,494	Vehicles, plant and equipment		10,683
6,420	Fixed assets under construction		907
-	Surplus Assets		2,105
128	**Long Term Investments**	33	128
103,111	**Long Term Assets**		**106,283**
597	Inventories	13	635
9,279	Short Term Debtors	14	6,999
26,593	Cash and Cash Equivalents	15	25,557
-	Assets held for sale	16	-
36,469	**Current Assets**		**33,191**
(4,369)	Short Term Borrowing		(4,307)
(19,679)	Short Term Creditors	17	(21,078)
(1,893)	Grants Receipts in advance	18	(315)
(25,941)	**Current Liabilities**		**(25,700)**
(33,500)	Long Term Borrowing	12	(29,500)
(615)	Provisions	19	(3,372)
(607,104)	Other Long Term Liabilities	32	(707,005)
(641,219)	**Long Term Liabilities**		**(739,877)**
(527,580)	**Net Liabilities**		**(626,103)**
	Usable Reserves		
2,574	General Fund		3,742
9,929	Earmarked General Fund Reserves		7,843
35	Capital Grants Unapplied		-
1,970	Capital Receipts Reserve		2,020
14,508	**Usable reserves**	20	**13,605**
	Unusable Reserves		
5,339	Revaluation Reserve		10,582
59,807	Capital Adjustment Account		57,589
(464)	Holiday Pay Account		(650)
334	Collection Fund Adjustment Account		(224)
(607,104)	Pension Reserve		(707,005)
(542,088)	**Unusable Reserves**	21	**(639,708)**
(527,580)	**Total Reserves**		**(626,103)**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2015

2013/14 £000	Note		2014/15 £000
20,902		**Net (surplus) or deficit on the provision of services**	**30,470**
(31,366)	**22**	**Adjustment to surplus or deficit on the provision of services for non-cash movements**	(40,466)
		Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	
(1,399)		Proceeds from the sale of assets	(50)
(60)		EFAT Trading Ltd loan repayment	-
(11,923)		**Net cash flows from operating activities**	**(10,046)**
		Net cash outflows from investing activities	
8,120		Purchase of assets	7,082
94		EFA Trading Ltd share investment	-
2,258		**Net cash outflows from financing activities**	4,000
(1,451)		**Net (increase)/decrease in cash and cash equivalents**	**1,036**
(25,142)		Cash and cash equivalents at the beginning of the reporting period	**(26,593)**
(26,593)		**Cash and cash equivalents at the end of the reporting period**	**(25,557)**

NOTES TO THE ACCOUNTS

The notes provided in the following pages are intended to aid interpretation of the financial statements set out on pages 29 to 32 and provide further information upon the financial performance of the Authority during 2014/15.

1 Significant accounting policies

The Authority's Accounting Policies are set out in the previous section.

2 Accounting standards that have been issued but not adopted

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

IFRS 13 Fair Value Measurement – This standard requires local authorities to measure their assets and liabilities and provide disclosures where a section of the Code requires or permits fair value measurement.

Annual Improvements to IFRSs (2011 – 2013 cycle) – The issues included in this are: IFRS1 Meaning of effective IFRSs, IFRS3 Scope exceptions for joint ventures and IAS40 Clarifying the interrelationship of IFRS3 Business Combinations and IAS40 Investment Property when classifying property as investment property or owner-occupied property.

IFRIC 21 Levies – This provides interpretative guidance on the accounting for levies based on the recognition criteria in IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

3 Critical judgements in applying accounting policies

The most significant critical judgement made in the statement of accounts is concerning the impact of the uncertainty about future levels of funding for the Authority. The Authority has made service changes that are sufficient to enable the budget to be balanced in 2015/16. The Authority has no reason to believe that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision in future years.

The Authority has also made judgements in the apportionment of costs across the Service headings contained within the Comprehensive Income and Expenditure Statement.

Property, plant and equipment assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at year end but, as a minimum, at least once every five years. At each year end, a review is undertaken by the Authority's valuer to determine whether the carrying amount of these assets is consistent with their fair value. A full revaluation was carried out as at 31 March 2015.

4 Service analysis

The Chartered Institute of Public Finance & Accountancy Service Reporting Code of Practice places a mandatory requirement on Fire and Rescue Authorities to present the service analysis in a standard form. The aim of the Code is to increase consistency and comparability between authorities. The Comprehensive Income and Expenditure Statement has been presented in this standard format.

5 Events after the Balance Sheet date

The statement of accounts was authorised for issue by the Finance Director & Treasurer on 23 September 2015 and post balance sheet events have been considered up to this date.

6 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 rends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Balance Sheet at 31 March 2015 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	Asset are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred for each asset. The current economic climate makes it uncertain that the Authority will be able to sustain its curreny spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful economic life (UEL) of assets is reduced, depreciation will increase and the carrying value of assets will decrease. It is estimated that the annual depreciation charge for buildings would increase by £50k for every year that useful lives had to be reduced.
Pensions Liabilty	Estimation of the net pension liability to pay pensions depends on a number of complex actuarial assumptions/judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and expected return on assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The carrying value of the pension liabilty as at 31 March 2015 is £774,191k. The effect on the net pensions' liability as a result of changes in individual assumptions is detailed within note 32.5.
Provisions	The Authority has made provision for potential claims for past events that may result in a transfer of economic benefits.The provisions provide for cover against possible employee, NDR and outstanding motor insurance payments.	The current carrying value of provisions as at 31 March 2015 is £857k. If provisions were overstated by 10% the provision would reduce by £86k.

7 Material items of income and expenditure

There are no material items of income or expenditure arising in the year that require separate disclosure.

8 Adjustments between accounting basis and funding basis under regulations

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

2014/15	Usable Reserves				Movement in Unusable Reserves
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Emergency Planning Reserve £000	£000
Adjustments involving the Capital Adjustment Account:					
Comprehensive Income and Expenditure Statement:					
Charges for depreciation & impairment of non-current assets	7,048	-	-	-	(7,048)
Revaluation losses on Property Plant and Equipment	3,838	-	-	-	(3,838)
Capital grants and contributions	(2,889)	-	-	-	2,889
Capital Grants Receivable and Unapplied in year including capital grants unapplied carried forward which have been used for financing in this year.	-	-	(35)	-	35
Carrying amount of non current assets sold	-	-	-	-	-
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Minimum Revenue Position For Capital Funding	(5,639)	-	-	-	5,639
Adjustments involving the Capital Receipts Reserve:					
Proceeds From Sale of Non Current Assets	(50)	50	-	-	-
Adjustments involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	44,861	-	-	-	(44,861)
Employer's pensions contributions and direct payments to pensioners payable in the year	(18,361)	-	-	-	18,361
Adjustments involving the Collection Fund Adjustment Account:					
Amount by which council tax income and non-domestic rate income included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation	558	-	-	-	(558)
Adjustment involving the Accumulating Compensated Absences Adjustment Account					
Adjustments in relation to Short-term compensated absences	186	-	-	-	(186)
Total Adjustments	**29,552**	**50**	**(35)**	**-**	**(29,567)**

Adjustments between accounting basis and funding basis under regulations

2013/14	Usable Reserves General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Emergency Planning Reserve £000	Movement in Unusable Reserves £000
Adjustments involving the Capital Adjustment Account:					
Comprehensive Income and Expenditure Statement:					
Charges for depreciation and impairment of non current assets	4,567	-	-	-	(4,567)
Revaluation losses on Property Plant and Equipment	(205)	-	-	-	205
Capital grants and contributions	(1,559)	-	-	-	1,559
Capital Grants Receivable and Unapplied in year including capital grants unapplied carried forward which have been used for financing in this year.	-	-	-	-	-
Carrying amount of non current assets sold	1,889	-	-	-	(1,889)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:					
Minimum Revenue Position For Capital Funding	(9,136)	-	-	-	9,136
Adjustments involving the Capital Receipts Reserve:					
Proceeds From Sale of Non Current Assets	(1,399)	947	-	-	452
Adjustments involving the Pensions Reserve:					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	43,939	-	-	-	(43,939)
Employer's pensions contributions and direct payments to pensioners payable in the year	(19,386)	-	-	-	19,386
Adjustments involving the Collection Fund Adjustment Account:					
Amount by which council tax income and non-domestic rate income included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation	(120)	-	-	-	120
Adjustment involving the Accumulating Compensated Absences Adjustment Account					
Adjustments in relation to Short-term compensated absences	96	-	-	-	(96)
Total Adjustments	**18,686**	**947**	**-**	**-**	**(19,633)**

9 Transfers to/from earmarked reserves

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

2014/15	Balance at 1 April	Provisions made in year	Transfer to General Fund	Balance at 31 March
Earmarked General Fund Reserves:	**£000**	**£000**	**£000**	**£000**
Emergency Planning Reserve	315	50	-	365
Retained Pay Reserve	1,500	-	(900)	600
Spend to Save Reserve	2,930	-	(1,799)	1,131
Taxbase and Collection Account Reserve	1,000	-	(500)	500
National Non-Domestic Rates Collection Reserve	600	-	-	600
Infrastructure Reserve	1,000	1,400	-	2,400
Rolling Budgets Reserve	584	147	(484)	247
Business Continuity Reserve	500	-	-	500
Insurance Reserve	1,500	-	-	1,500
Total	**9,929**	**1,597**	**(3,683)**	**7,843**

2013/14	Balance at 1 April	Provisions made in year	Transfer to General Fund	Balance at 31 March
Earmarked General Fund Reserves:	**£000**	**£000**	**£000**	**£000**
Emergency Planning Reserve	208	107	-	315
Retained Pay Reserve	1,500	-	-	1,500
Spend to Save Reserve	1,000	1,930	-	2,930
Taxbase and Collection Account Reserve	1,000	-	-	1,000
National Non-Domestic Rates Collection Reserve	600	-	-	600
Infrastructure Reserve	1,000	-	-	1,000
Rolling Budgets Reserve	360	484	(260)	584
Business Continuity Reserve	500	-	-	500
Insurance Reserve	1,500	-	-	1,500
Total	**7,668**	**2,521**	**(260)**	**9,929**

10 Property, plant and equipment

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

2014/15	**Land and buildings**	**Vehicles, plant & equipment**	**Assets under construction**	**Surplus Assets**	**Total PP&E**
Cost or valuation	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April	87,328	28,079	6,420	**-**	**121,827**
Transfer from FAUC	6,296	124	(6,420)	**-**	**-**
Additions	4,947	2,856	907	**-**	**8,710**
Reclassifications	(2,105)	-	-	2,105	**-**
Revaluation increases/(decreases) to Revaluation Reserve	5,348	-	-	**-**	**5,348**
Revaluation increases/(decreases) to surplus or deficit on the provision of services	(3,838)	-	-	**-**	**(3,838)**
Disposals	-	(1,256)	-	**-**	**(1,256)**
Reversal of accumulated depreciation on revaluation	(5,516)	-	-	**-**	**(5,516)**
At 31 March	**92,460**	**29,803**	**907**	**2,105**	**125,275**
Depreciation and impairment					
At 1 April	1,259	17,585	-	**-**	**18,844**
Depreciation charge	1,712	2,791	-	**-**	**4,503**
Reversal of accumulated depreciation on revaluation	(2,971)	-	-	**-**	**(2,971)**
Disposals	-	(1,256)	-	**-**	**(1,256)**
At 31 March	**-**	**19,120**	**-**	**-**	**19,120**
Net Book value					
At 31 March 2015	**92,460**	**10,683**	**907**	**2,105**	**106,155**
At 31 March 2014	**86,069**	**10,494**	**6,420**	**-**	**102,983**

2013/14	**Land and buildings**	**Vehicles, plant & equipment**	**Assets under construction**	**Surplus Assets**	**Total PP&E**
Cost or valuation	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April	88,330	33,602	1,235	-	**123,167**
Additions	1,510	1,425	5,185	-	**8,120**
Revaluation increases/(decreases) to Revaluation Reserve	2,412	-	-	-	**2,412**
Revaluation increases/(decreases) to surplus or deficit on the provision of services	205	-	-	-	**205**
Disposals	(354)	(6,948)	-	-	**(7,302)**
Reversal of accumulated depreciation on revaluation	(4,775)	-	-	-	**(4,775)**
At 31 March	**87,328**	**28,079**	**6,420**	**-**	**121,827**
Depreciation and impairment					
At 1 April	4,679	20,736	-	-	**25,415**
Depreciation charge	1,419	3,148	-	-	**4,567**
Reversal of accumulated depreciation on revaluation	(4,775)	-	-	-	**(4,775)**
Disposals	(64)	(6,299)	-	-	**(6,363)**
At 31 March	**1,259**	**17,585**	**-**	**-**	**18,844**
Net Book value					
At 31 March 2014	**86,069**	**10,494**	**6,420**	**-**	**102,983**
At 31 March 2013	**83,651**	**12,866**	**1,235**	**-**	**97,752**

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

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

An analysis of the capital expenditure and the way it was financed is set out on page 6 note 5.

The Authority's fixed assets principally include:

	2013/14	2014/15
Fire & Rescue Headquarters	1	1
Fire & Rescue training centre	1	1
Fire & Rescue vehicle workshop	1	1
Fire stations	50	50
Fire service houses & other properties	31	31

The freehold and leasehold properties within the Authority's property portfolio are valued, under a five year programme, by the Authority's property advisors (Lambert Smith Hampton). A full valuation was undertaken as at 31 March 2015. All valuations were undertaken in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. Fire stations are valued at depreciated replacement cost and other properties are valued at existing use value.

11 Heritage Assets

In June 2007 the Essex Fire Museum was opened with the objective of preserving the heritage of Essex County Fire and Rescue Service. The museum occupies part of the premises at Grays Fire Station. As the accommodation is limited all appointments are by prior booking. The museum contains a collection of fire brigade related items and includes old photograph negatives, photographs, videos, assorted equipment and memorabilia and two old fire engines. The museum is staffed by volunteers. As the collection is made up of a large number of relatively small value items, and the overall value would not be material to the Authority's accounts, the cost of obtaining a valuation would outweigh the benefits to the users of these financial statements. For these reasons heritage assets are not reported in the balance sheet.

12 Financial Instruments

12.1 Financial Instrument Balances

The financial instrument balances are summarised below:

	Long term		Short term		Fair value	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
	£000	£000	£000	£000	£000	£000
Investments						
Investments	128	128	-	-	128	128
Cash & cash equivalents	-	-	26,593	25,557	26,593	25,557
Debtors						
Short-term debtors	-	-	407	966	407	966
Creditors						
Short term creditors	-	-	(519)	(1,539)	(519)	(1,539)
Borrowings						
Long term borrowing	(33,500)	(29,500)	-	-	(36,181)	(35,971)
Short term borrowing	-	-	(4,369)	(4,307)	(4,143)	(4,146)

Loans and receivables are valued at invoice value or equivalent. Current liabilities are valued at invoice value or equivalent. The fair value of these balances is estimated to be equivalent to their carrying value. The accounts include interest payable of **£1,652k** and interest income of **£109k**.

12.2 Long term liabilities

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

Long term borrowing, as at 31 March, is analysed in the following table, according to repayment periods. The maturity of borrowing has been determined by reference to the earliest date on which the lender can require repayment. At 31 March 2015 the fair value of PWLB debt is **£40.1m** compared to £40.3m as at 31 March 2014.

2013/14	**PWLB loans**	**2014/15**
£000		**£000**
	Repayment period	
4,000	Between 1 - 2 years	**1,500**
2,500	Between 2 - 5 years	**3,500**
3,500	Between 5 - 10 years	**2,000**
23,500	Over 10 years	**22,500**
33,500	**Balance at 31 March**	**29,500**

The longest dated loan is one of £4.5m that runs until December 2034. The weighted average interest rate was 4.59% at 31 March (2013/14 4.57%).

12.3 Fair Value – Methodology and Assumptions

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

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

Interest is calculated using the most common market convention, ACT/365. Where interest is paid every 6 months on a day basis, the value of interest is rounded to 2 equal instalments. For fixed term deposits it is assumed that interest is received on maturity. No adjustment has been made for the interest value and date where a relevant date occurs on a non working day. The fair value of PWLB borrowing is reported in note 12.1.

12.4 Nature of Extent of Risks Arising from Financial Instruments

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

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

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Authority's treasury management function, under policies approved by the Authority in the annual treasury management strategy. The strategy details the Authority's approach and principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and investment of surplus cash.

12.5 Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. The Authority ensures that it's counterparty list and limits reflect a prudent attitude towards organisations with whom funds may be deposited. Deposits are not made with banks and financial institutions unless they are on an approved list. Lloyds Bank is included on the lending list as it acts as the banker to the Authority. Other money market funds, banks and similar institutions with high grade credit ratings may be used subject to the agreement of the Finance Director & Treasurer. The Authority requires any new counterparty to have a minimum of an 'A' Fitch rating. Fitch is an independent organisation providing a rating for each individual financial institution. The Authority does not generally hold funds for longer term investment. The maximum exposure to credit risk at 31 March 2015 was £25.6m as detailed in note 15.

12.6 Liquidity Risk

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

12.7 Refinancing and Maturity risk

This is the risk that it is difficult or expensive to replace existing loans as they fall due. This risk is recorded on the Authority's risk register and monitored on a regular basis. The Authority manages a small portfolio of loans from the public works loan board and has a small number of finance leases. The Authority operates well within the borrowing limits set as part of its treasury management and prudential indicators. This limits the risk that the Authority may not have the capacity to renew a loan. The risk that interest rates may increase is monitored in conjunction with treasury management advisors and borrowing can be undertaken ahead of need if interest rates are favourable. Loans of £4.0m and £1.5m are due to mature in 2015/16 and 2016/17 respectively. There is not considered to be a significant refinancing and maturity risk.

12.8 Market Risk

The Authority's exposure to interest rate movements on its borrowings is limited to new arrangements. Advice from treasury management advisors on future interest movements is used to inform decisions concerning the timing of new loans. There is an interest rate risk if the Authority is required to replenish borrowings at a higher interest rate. The maturity of borrowing is spread to minimise this risk. The sensitivity to a 1% increase in interest rates across all borrowings would increase the charge to the income and expenditure account by £335k per annum.

13 Inventories

The values of stock items held are summarised in the table below:

	Stores		Vehicle parts		Diesel		**Total**	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	**2013/14**	**2014/15**
	£000	£000	£000	£000	£000	£000	**£000**	**£000**
Balance at 1 April	391	438	72	75	109	84	**572**	**597**
Purchases	551	400	500	549	451	425	**1,502**	**1,374**
Recognised as an expense	(509)	(432)	(497)	(526)	(476)	(433)	**(1,482)**	**(1,391)**
Provision for redundant stock	5	55	-	-	-	-	**5**	**55**
Balance at 31 March	438	461	75	98	84	76	**597**	**635**

14 Debtors

The analysis of Debtors is shown below:

2013/14 £000		2014/15 £000
5,113	Central government bodies	**2,084**
2,470	Other local authorities	**3,310**
-	National Health Service bodies	**2**
1,696	Bodies external to general government	**1,672**
9,279		**7,068**

The aged debt analysis for trade debtors below shows that £31k (4%) of these debtors are past their due date for payment.

Aged analysis of sales ledger	**£000**	**%**
0 to 30 days	810	96
31 to 60 days	1	-
61 to 90 days	26	4
91 to 121 days	3	-
121+ days	1	-

Further details of the amounts due from billing authorities in respect of council tax and non domestic rates are shown in Notes 34 and 35 respectively.

15 Cash and cash equivalents

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

2013/14 £000		2014/15 £000
6,593	Bank current accounts	**11,057**
20,000	Cash equivalent investments	**14,500**
26,593		**25,557**

16 Assets held for sale

2013/14 £000		2014/15 £000
950	**Balance at 1 April**	**-**
-	Assets newly classified as held for sale	**-**
-	Revaluation losses	**-**
-	Revaluation gains	**-**
-	Impairment	**-**
(950)	Assets sold	**-**
-	**Balance at 31 March**	**-**

17 Creditors

The analysis of Creditors is shown below:

2013/14 £000		2014/15 £000
(14,622)	Central government bodies	**(12,541)**
(2,008)	Other local authorities	**(2,959)**
(3,049)	Bodies external to general government	**(5,578)**
(19,679)		**(21,078)**

Further details of amounts due to billing authorities in respect of council tax and non domestic rates are shown in notes 34 and 35 respectively.

18 Grant receipts in advance

The Authority has **£315k** grant receipts in advance (2013/14 £1,893k), all of which is for revenue purposes.

19 Provisions

	Insurance provision	Non-domestic rating appeals	Provision for payments to leavers	Provision for taxation on pension scheme	Provision for pension lump sums	Total provisions
	£000	£000	£000	£000	£000	£000
Balance at 1 April	(175)	(342)	(94)	(4)	0	(615)
Additional provisions made in year	-	(695)	-	-	(2,516)	(3,211)
Amounts used in year	-	-	34	-	-	34
Unused amounts reversed in year	18	342	60	-	0	420
Balance at 31 March	(157)	(695)	-	(4)	(2,516)	(3,372)

The balance of the Insurance provision at 31 March 2015 was **£157k** (2014 £175k) and includes provision for claims for motor, employers' liability and public liability policies. From October 2008 the Authority's insured against third party claims on its motor policy. The provision includes an allowance for incidents in the period where claims have not yet been notified.

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

The Pensions Ombudsman has determined, in the case of a retired firefighter, that the Government Actuary's Department owed a duty of care to pension fund members and should have reviewed the commutation factors used to determine the lump sum payable on retirement. As a result of this decision the Department for Communities and Local Government have determined that the Authority should re-calculate these amounts for firefighters who retired between 2001 and 2006. Some 170 former firefighters are affected by this decision and the provision includes increases in the lump sums payable, interest charges and other associated costs.

20 Usable reserves

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

20.1 General Fund

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

20.2 Capital grants unapplied

These are grants received for a specific purpose but remaining unspent at the end of the year.

20.3 Capital receipts reserve

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

21 Unusable reserves

An analysis of the unusable reserves is shown below:

2013/14 £000		**2014/15 £000**
5,339	Revaluation Reserve	**10,582**
59,807	Capital Adjustment Account	**57,589**
(464)	Holiday Pay Account	**(650)**
334	Collection Fund Adjustment Account	**(224)**
(607,104)	Pensions Reserve	**(707,005)**
(542,088)		**(639,708)**

21.1 Revaluation reserve

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

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

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

2013/14 £000		2014/15 £000
3,058	**Balance at 1 April**	**5,339**
2,412	Upward revaluation of assets - Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services	**5,348**
(88)	Difference between fair value depreciation and historical cost depreciation	**(105)**
(43)	Movement in revaluation reserve for accumulated gain on assets sold	**-**
5,339	**Balance at 31 March**	**10,582**

21.2 Capital adjustment account

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

2013/14 £000		2014/15 £000
54,780	**Balance at 1 April**	**59,807**
	Reversals of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure statement:	
(4,567)	Charges for depreciation & impairment of non current assets	**(7,048)**
205	Revaluation gains/(losses)	**(3,838)**
(1,437)	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	**-**
131	Adjusting amounts written out of the Revaluation Reserve	**105**
(5,668)	**Net written out amount of the cost of non current assets consumed in the year**	**(10,781)**
	Capital financing applied in the year:	
1,559	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	**2,889**
-	Capital Grants Receivable and Unapplied in year including capital grants unapplied carried forward which have been used for financing in this year.	**35**
9,136	Statutory provision for the financing of capital investment charged against the General Fund balance	**5,639**
-	Voluntary provision for the financing of capital investment charged against the General Fund balance	**-**
10,695		**8,563**
59,807	**Balance at 31 March**	**57,589**

21.3 Holiday pay account

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

2013/14		2014/15
£000		**£000**
(368)	Balance at 1 April	**(464)**
(96)	Change in amounts accrued at the end of the current year	**(186)**
(464)	Balance at 31 March	**(650)**

21.4 Collection fund adjustment account

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

2013/14		2014/15
£000		**£000**
214	Balance at 1 April	**334**
120	Amount by which council tax income and non-domestic rate income included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation	**(558)**
334	Balance at 31 March	**(224)**

21.5 Pension reserve

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

2013/14		2014/15
£000		**£000**
(655,556)	Balance at 1 April	**(607,104)**
73,005	Actuarial gains or losses on pension assets and liabilities	**(73,401)**
(24,553)	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	**(26,500)**
(607,104)	Balance at 31 March	**(707,005)**

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

2013/14 £000		**2014/15 £000**
(4,567)	Depreciation and impairments	**(7,048)**
205	Revaluation gains/(losses)	**(3,838)**
(2,727)	(Increase)/decrease in creditors	**1,869**
218	(Increase)/decrease in provisions	**(2,404)**
25	Increase/(decrease) in inventories	**38**
523	Increase/(decrease) in debtors	**(2,632)**
(24,553)	Movement in pension liability	**(26,500)**
(490)	Carrying amount of non-current assets sold	**50**
-	Other non cash adjustments	**-**
(31,366)		**(40,466)**

Included in the above is **£1,652k** interest paid and **£109k** interest received.

23 Amounts reported for resource allocation decisions

The Chartered Institute of Public Finance and Accountancy Service Reporting Code of Practice requires that Authorities analyse the financial performance of their operations in the Comprehensive Income and Expenditure Statement using the service analysis included in the Service Reporting Practice. The aim is to ensure consistency of reporting between Authorities. The format below reflects the management process for reporting on and controlling expenditure, the figures given in the table below are extracted from the reporting system adopted by the Authority. The accounting policies for the segmental analysis are the same as those used for the Financial Statements.

2014/15 Description	**Service Delivery £000**	**Service Support £000**	**Total £000**
Firefighters	28,576	6,153	34,729
Firefighters - Retained Duty System	6,182	-	6,182
Control	(0)	1,673	1,673
Support Staff	813	10,482	11,295
Total Employment Costs	**35,571**	**18,308**	**53,879**
Support Costs	286	1,625	1,911
Premises & Equipment	236	10,367	10,603
Other Costs & Services	203	3,126	3,329
Ill health pension costs	-	2,077	2,077
Statutory Provision for Capital Financing	-	5,639	5,639
Voluntary Provision for Capital Financing	-	-	-
Financing Items	-	1,963	1,963
Contribution to/(from) Reserves	-	(1,105)	(1,105)
Total Other Costs	**725**	**23,692**	**24,417**
Total Gross Expenditure	**36,296**	**42,000**	**78,296**
Operational Income	(1,102)	(3,942)	(5,044)
Total net expenditure outturn	**35,194**	**38,058**	**73,252**

2014/15 - Reconciliation to Deficit on Continuing Operations per the Comprehensive Income & Expenditure Statement	£000
Total Net Expenditure per Segmental Analysis	**73,252**
Depreciation and impairment	10,886
IAS19 Pension adjustment	151
Transfer to Reserves	918
Transfer to Holiday Pay Account	186
Add Amounts not reported to management	**12,141**
Interest payments	(1,652)
Interest and investment income	109
Capital financing provision	(5,639)
Remove amounts not included in the Deficit on Contuining Operations in the Comprehensive Income and Expenditure Statement	**(7,182)**
Deficit on Continuing Operations per Comprehensive Income & Expenditure Statement	**78,211**

2014/15 - Reconciliation to Deficit on Provision of Services per the Comprehensive Income & Expenditure Statement	£000
Total Net Expenditure per Segmental Analysis	**73,252**
Depreciation and impairment	10,886
IAS19 Pension adjustment	151
Transfer to Reserves	918
Transfer to Holiday Pay Account	186
Profit on Disposal of Assets	(50)
Capital financing provision	(5,639)
Pension Interest Costs	26,349
Government Grants and Contributions	(33,919)
Council tax & NDR deficit	(38,775)
Capital Grant	(2,889)
Deficit on Provision of Services per Comprehensive Income & Expenditure Statement	**30,470**

2013/14	Service Delivery	Service Support	Total
Description	**£000**	**£000**	**£000**
Firefighters	29,730	6,103	35,833
Firefighters - Retained Duty System	4,901	-	4,901
Control	-	1,654	1,654
Support Staff	754	9,833	10,587
Total Employment Costs	**35,385**	**17,590**	**52,975**
Support Costs	254	1,836	2,090
Premises & Equipment	65	10,789	10,854
Other Costs & Services	140	2,542	2,682
Ill health pension costs	-	1,937	1,937
Statutory Provision for Capital Financing	-	9,136	9,136
Financing Items	-	1,999	1,999
Contribution to/(from) Reserves	-	(2,216)	(2,216)
Total Other Costs	**459**	**26,023**	**26,482**
Total Gross Expenditure	**35,844**	**43,613**	**79,457**
Operational Income	(1,074)	(3,835)	(4,909)
Total net expenditure outturn	**34,770**	**39,778**	**74,548**

2013/14 - Reconciliation to Deficit on Continuing Operations per the Comprehensive Income & Expenditure Statement	**£000**
Total Net Expenditure per Segmental Analysis	**74,548**
Depreciation and impairment	4,363
IAS19 Pension adjustment	(2,013)
Transfer to Reserves	2,216
Transfer to Holiday Pay Account	96
Add Amounts not reported to management	**4,661**
Interest payments	(1,764)
Interest and investment income	117
Capital financing provision	(9,136)
Remove amounts not included in the Deficit on Contuining Operations in the Comprehensive Income and Expenditure Statement	**(10,783)**
Deficit on Continuing Operations per Comprehensive Income & Expenditure	**68,426**

2013/14 - Reconciliation to Deficit on Provision of Services per the Comprehensive Income & Expenditure Statement	**£000**
Total Net Expenditure per Segmental Analysis	**74,548**
Depreciation and impairment	4,363
IAS19 Pension adjustment	(2,013)
Transfer to Reserves	2,216
Transfer to Holiday Pay Account	96
Loss on Disposal of Assets	490
Capital financing provision	(9,136)
Pension Interest Costs	26,566
Government Grants and Contributions	(35,850)
Income from Council tax	(38,818)
Capital Grant	(1,559)
Deficit on Provision of Services per Comprehensive Income & Expenditure Statement	**20,902**

An analysis of assets and liabilities is not included as these are not reported internally as part of management's decision making process for resource allocation.

24 Members allowances and expenses

Allowances and expenses paid to members in 2014/15 totalled **£152k** (£147k in 2013/14).

25 Officers' remuneration

The number of officers whose remuneration, excluding pension contributions, was **£50,000** or more during 2014/15 is listed below:

Remuneration band	Number of officers	
	2013/14	2014/15
£50,000 - £54,999	16	21
£55,000 - £59,999	20	13
£60,000 - £64,999	7	4
£65,000 - £69,999	7	10
£70,000 - £74,999	4	4
£75,000 - £79,999	-	5
£80,000 - £84,999	5	4
£85,000 - £89,999	1	1
£90,000 - £94,999	-	1
£95,000 - £99,999	-	4
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	3	2
£120,000 - £124,999	1	1
£125,000 - £129,999	1	1
£150,000 - £154,999	1	-
£160,000 - £164,999	-	1
£180,000 - £184,999	1	-
£190,000 - £194,999	-	1

The tables below detail the individual remuneration of senior employee's for 2014/15 and 2013/14 respectively.

25.1 2014/15

Senior Officer Remuneration	Salary		Car & Mileage Taxable Benefits	Health Insurance	Employers Pension Contribution
2014/15	Basic salary	Special allowances			
Chief Fire Officer - D Johnson	£150,999	£28,000	£12,501	£1,291	£32,163
Deputy Chief Fire Officer - Service Support	£142,281	£20,022	£1,029	£1,291	£30,306
Assistant Chief Fire Officer	£112,312	£3,502	£521	£1,291	£23,922
Assistant Chief Fire Officer	£112,312	£3,502	-	£1,291	£23,922
Finance Director & Treasurer	£112,312	£3,502	£6,720	£1,291	£16,098
Director of Human Resources and Organisational Development	£111,100	£4,069	£11,372	£1,291	£16,008

Full year remuneration amounts for all senior officers are included in the table of remuneration by pay band in Note 25 (above).

With effect from July 2014 the Deputy Chief Fire Officer was appointed as Acting Chief Fire Officer and was also paid the allowance in respect of the additional duties as the Chief Emergency Planning Officer. Other senior officers also received additional responsibilty allowances from October 2014.

25.2 2013/14

Senior Officer Remuneration	Salary		Car & Mileage Taxable Benefits	Health Insurance	Employers Pension Contribution
2013/14	Basic salary	Special allowances			
Chief Fire Officer - D Johnson	£150,119	£28,000	£5,272	£1,243	£32,408
Deputy Chief Fire Officer - Service Support	£148,615	-	£2,292	£1,198	£28,938
Assistant Chief Fire Officer	£114,034	-	£590	£1,198	£24,023
Assistant Chief Fire Officer	£124,679	-	-	£1,198	£22,864
Finance Director & Treasurer	£114,008	£340	£4,634	£1,198	£12,723
Director of Human Resources and Organisational Development	£112,625	-	£10,044	£1,198	£12,585

Full year remuneration amounts for all senior officers are included in the table of remuneration by pay band in Note 25 (above).

The Chief Fire Officer receives a non-pensionable allowance of £28k per annum in respect of additional duties as the Chief Emergency Planning Officer for Essex County Council. The cost of the allowance to the Authority is reimbursed by the County Council. The amount is included in the above tables.

26 External Audit costs

The Authority paid **£48k** (2013/14 £48k) for external audit services carried out by the appointed auditor.

27 Related parties

During the year Essex Fire Authority received and provided services as below:

2013/14 £000		2014/15 £000
	Provided services to:	
	UK Central Government	
21,692	Revenue Support Grant	**19,164**
14,410	Non Domestic Rates (NDR) Grant	**14,755**
359	EFA Trading Ltd	**290**
36,461		**34,209**
	Received services from:	
232	Essex County Council	**287**
-	EFA Trading Ltd	**10**
232		**297**

There are some small outstanding balances which are included in note 14 and 17 for debtors and creditors respectively.

UK Central Government 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 (e.g. council tax bills).

Some Members are also Councillors for Essex County Council and some are on the board of EFA (Trading) Ltd both whose related party transactions are detailed in the table above. Some Members are also Councillors for other Local Auhtorities within Essex.

28 Capital expenditure and capital financing

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

2013/14 £000		2014/15 £000
40,864	**Opening Capital Financing Requirement**	**37,837**
	Capital investment	
8,120	Property, plant and equipment	**8,710**
	Sources of finance	
(452)	Capital receipts	**-**
(1,559)	Government grants and other contributions	**(2,924)**
	Sums set aside from revenue:	
(9,136)	Revenue provision for capital financing	**(5,639)**
37,837	**Closing Capital Financing Requirement**	**37,984**
	Explanation of movements in year	
(3,027)	Increase/(Decrease) in underlying need to borrow	**147**
(3,027)	**Increase/(Decrease) in Capital Financing Requirement**	**147**

29 Operating Leases

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

2013/14 £000		2014/15 £000
Restated	Commitments under operating leases	
131	Property leases expiring within one year	**126**
262	Vehicle leases expiring within one year	**199**
314	Property leases expiring between one and five years	**193**
219	Vehicle leases expiring between one and five years	**164**
12	Property leases expiring after five years	**12**
938		**694**

30 Capital Commitments

At 31 March 2015 the Authority had capital expenditure commitments of **£8.9m**.

31 Redundancy and early retirement costs – Exit packages

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

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

Exit Packages	---Number of Staff ---		
	Compulsory	Other Departures	Total £000
2014-15			
up to £20K	11	-	**61**
up to £40K	-	-	**-**
up to £60K	1	-	**51**
Total 2014-15	**12**	-	**112**
2013-14			
up to £20K	8	-	**92**
up to £40K	3	-	**86**
up to £60K	-	-	-
up to £80K	1		**65**
up to £100K	1		**83**
Total 2013-14	13	-	**326**

The total cost of £112k above has been charged to the Authority’s Comprehensive Income and Expenditure Statement in 2014/15.

32 Pensions

32.1 Participation in pension schemes

The Authority agreed to set up a stakeholder pension scheme for retained firefighters commencing from 1 January 1999. The employers’ contribution was **£10** per retained firefighter per month and in 2014/15 this cost **£2k** (£3k in 2013/14).

A new Firefighters’ Pension Scheme was introduced for regular and retained firefighters employed with effect from 6 April 2006. Employees' and employers' contributions into the Firefighters’ Pension Fund are determined by the Secretary of State on the advice of the Government Actuary. Payments of pensions and other retirement benefits are made from the Pension Fund (see page 62). Government grant is payable to cover any shortfall on the Pension Fund account.

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

32.2 Transactions relating to retirement benefits

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

	LGPS		Firefighters	
	2013/14	2014/15	2013/14	2014/15
	£000	£000	£000	£000
Net cost of services:				
Service cost	1,757	2,006	15,616	16,506
Net interest on the defined liability (asset)	825	719	25,736	25,615
Administration expenses	5	15	-	-
Remeasurements in Other Comprehensive Income	(3,477)	4,138	(69,528)	69,263
Net charge to the CIES	**(890)**	**6,878**	**(28,176)**	**111,384**
Adjustments between accounting basis & funding basis under regulations:				
Reversal of net charges made for retirement benefits in accordance with IAS 19	**2,587**	**2,740**	**41,352**	**42,121**
Actual amount charged against the general fund balance for pensions in the year:				
Employers' contributions payable to scheme	**1,426**	**1,687**	**17,977**	**16,736**
Net charge to the General Fund Summary	**4,013**	**4,427**	**59,329**	**58,857**

32.3 Assets and liabilities in relation to retirement benefits

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

- the Local Government Pension Scheme for civilian employees, administered by Essex County Council – this is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets.

- the Firefighters' Pension Scheme – this is an unfunded scheme, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Local Government Pension Scheme contributions payable by employers are determined by the actuary to the Pension Fund based on triennial valuations, the most recent of which was at 31 March 2014. This determined the level of contributions payable during the year.

Reconciliation of asset and benefit obligation:

	LGPS		Firefighters	
	31/03/14	31/03/15	31/03/14	31/03/15
	£000	£000	£000	£000
Opening Defined Benefit Obligation	(47,485)	(48,459)	(636,597)	(590,444)
Current service cost	(1,757)	(1,848)	(15,616)	(16,506)
Interest cost	(2,130)	(2,170)	(25,736)	(25,615)
Change in assumptions	2,006	(7,131)	(8,777)	(69,263)
Experience loss/(gain) on defined benefit obligation	567	(8)	78,305	-
Estimated benefits paid net of transfers in	831	1,225	21,578	20,640
Past service costs, including curtailments	-	(158)	-	-
Contributions by Scheme participants	(511)	(570)	(3,601)	(3,904)
Unfunded pension payments	20	20	-	-
Closing Defined Benefit Obligation	**(48,459)**	**(59,099)**	**(590,444)**	**(685,092)**

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

	LGPS		Firefighters	
	31/03/14	31/03/15	31/03/14	31/03/15
	£000	£000	£000	£000
Opening fair value of Scheme assets	28,455	31,745	-	-
Interest on assets	1,305	1,451	-	-
Return on assets less interest	1,250	3,001	-	-
Adminstration expenses	(5)	(15)	-	-
Contributions by employer including unfunded	1,426	1,687	17,977	16,736
Contributions by Scheme participants	511	570	3,601	3,904
Estimated benefits paid plus unfunded net of transfers in	(851)	(1,245)	(21,578)	(20,640)
Other actuarial gains/(losses)	(346)	-	-	-
Closing fair value of Scheme assets	**31,745**	**37,194**	**-**	**-**

There is a difference between the pensions reserve and these tables as the above do not include accumulated movements for ill health (£150k).

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.

32.4 Scheme history

	31/03/11	31/03/12	31/03/13	31/03/14	31/03/15
	£000	£000	£000	£000	£000
Fair Value of Assets in pension scheme	23,159	24,517	28,455	31,745	37,194
Present Value of Defined Benefit Obligation	35,346	42,522	(47,485)	(48,459)	(59,099)
Surplus/(deficit) in the Scheme	**58,505**	**67,039**	**(19,030)**	**(16,714)**	**(21,905)**

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of **£744.2m** (£638.9m 2013/14) has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of **£706.8m**.

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

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary; and

- finance is only required to be raised to cover fire pensions when the pensions are actually paid.

The total contributions expected to be made to the Local government Pension Scheme by the Authority in the year to 31 March 2016 is **£1.6m**. Expected contributions for the Fire pension Scheme in the year to 31 March 2016 are **£6.5m**.

32.5 Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The annual Fire Authority budget will make allowance for the firefighter's pension scheme payments based on an estimate of when such payments fall due. The Authority's budget is set taking the employer's pension contribution into account and government grant is received to cover any shortfall in the account.

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

	LGPS		Firefighters	
	2013/14	2014/15	2013/14	2014/15
Mortality assumptions:				
Longevity at 65 (60 for FF's) for future pensioners:				
Men	24.9 years	25.1 years	29.7 years	29.8 years
Women	27.4 years	27.6 years	32.2 years	32.3 years
Longevity at 65 (60 for FF's) for current pensioners:				
Men	22.7 years	22.8 years	27.2 years	27.4 years
Women	25.1 years	25.2 years	29.7 years	29.8 years
Inflation/Pension Increase Rate	3.6%	3.2%	3.6%	3.2%
Salary Increase Rate	4.6%	4.1%	4.4%	4.0%
Rate of increase in pensions	2.8%	2.3%	2.8%	2.3%
Discount Rate	4.5%	3.3%	4.4%	3.3%
Take-up of option to convert annual pension into retirement lump sum:				
Service to April 2009	50%	50%	50%	50%
Service post April 2009	50%	50%	50%	50%

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

	LGPS		Firefighters	
	Increase in Assumption £000	Decrease in Assumption £000	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	57,052	61,163	663,979	706,140
Rate of increase in salaries (increase or decrease by 1%)	59,226	58,972	686,490	683,700
Rate of increase in pensions (increase or decrease by 1%)	60,102	58,115	696,004	674,383
Rate for discounting scheme liabilities (increase or decrease by 1%)	58,000	60,219	673,120	697,292

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

	LGPS	
	31/03/14	31/03/15
	£000	£000
Equity investments	21,167	25,021
Bonds	5,054	5,194
Property	3,628	4,040
Cash	632	815
Alternative assets	1,264	2,124
	31,745	**37,194**

32.6 Pensions Reserve

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

	LGPS		Firefighters	
	2013/14	2014/15	2013/14	2014/15
	£000	£000	£000	£000
Opening balance:	19,030	16,714	636,597	590,444
Current service cost	1,757	1,848	15,616	16,506
Interest cost	2,130	2,170	25,736	25,615
Changes in assumptions	(2,006)	7,131	8,777	69,263
Experience loss/(gain) on defined benefit obligation	(567)	8	(78,305)	-
Past service cost, including curtailments	-	158	-	-
Contributions by employer including unfunded	(1,426)	(1,687)	(17,977)	(16,736)
Interest on assets	(1,305)	(1,451)	-	-
Return on assets less interest	(1,250)	(3,001)	-	-
Other actuarial gains/(losses)	346	-	-	-
Administration expenses	5	15	-	-
Balance at 31 March	**16,714**	**21,905**	**590,444**	**685,092**

33 Long Term Investments

The Authority owns the total share capital of EFA (Trading) Ltd. These investments are held in the balance sheet at cost.

34 Council Tax

The Authority now recognises as income the amounts due from each billing authority for Council Tax on an accruals basis. The tables below provide an analysis by billing authority of the amounts due from Council Tax payers, and the amounts due from or recoverable by billing authorities as a result of regulations.

The Council Tax figures for 2014/15 and 2013/14, respectively, are shown below:

2014/15

Authority	Amounts Owed by Billing Authority	Amounts Owed to Billing Authority	Council Tax Prepayments	Council Tax Arrears	Council Tax Bad Debt Provision
	£000	*£000*	*£000*	*£000*	*£000*
Basildon	16	(128)	(47)	246	(71)
Braintree	45	(36)	(58)	138	(45)
Brentwood	37	(47)	(21)	129	(61)
Castle Point	7	(10)	(26)	104	(68)
Chelmsford	70	(100)	(56)	186	(29)
Colchester	42	-	(111)	266	(155)
Epping Forest	52	(31)	(73)	177	(73)
Harlow	10	(76)	(35)	218	(107)
Maldon	20	(23)	(28)	71	(20)
Rochford	32	-	(21)	70	(51)
Southend	46	(73)	(68)	241	(99)
Tendring	32	(36)	(70)	172	(65)
Thurrock	-	(105)	(12)	115	(73)
Uttlesford	-	(72)	(22)	111	(59)
Total	**409**	**(737)**	**(648)**	**2,244**	**(976)**

2013/14

Authority	Amounts Owed by Billing Authority	Amounts Owed to Billing Authority	Council Tax Prepayments	Council Tax Arrears	Council Tax Bad Debt Provision
	£000	*£000*	*£000*	*£000*	*£000*
Basildon	67	(202)	(43)	276	(31)
Braintree	34	(45)	(47)	137	(45)
Brentwood	-	(130)	(17)	127	(66)
Castle Point	35	(10)	(25)	93	(57)
Chelmsford	56	(94)	(49)	167	(24)
Colchester	151	(1)	(118)	250	(131)
Epping Forest	33	(18)	(70)	201	(113)
Harlow	42	(78)	(34)	220	(109)
Maldon	21	-	(25)	71	(45)
Rochford	23	(1)	(21)	66	(44)
Southend	29	(70)	(35)	168	(64)
Tendring	57	(14)	(66)	150	(70)
Thurrock	95	(30)	(37)	125	(59)
Uttlesford	29	(31)	(19)	109	(58)
Total	**672**	**(724)**	**(606)**	**2,160**	**(916)**

35 Non Domestic Rates

The Local Government Finance Act 2012 introduced a new arrangement for the retention of business rates with effect from 1 April 2013. This scheme enables local authorities to retain a proportion of the business rates generated in their area. The tables below provide analysis, by billing authority, of these amounts for 2014/15 and 2013/14, respectively:

2014/15

Authority	Amounts Owed by Billing Authority £000	Amounts Owed to Billing Authority £000	Provision for Business Rates appeals £000	NDR Prepayments £000	NDR Arrears £000	NDR Bad Debt Provision £000
Basildon	107	-	(54)	(10)	20	(9)
Braintree	31	(17)	(36)	(4)	12	(3)
Brentwood	27	-	(23)	(6)	23	(10)
Castle Point	25	(22)	(26)	(1)	2	(2)
Chelmsford	105	(110)	(111)	(18)	32	(9)
Colchester	26	(26)	(44)	(8)	33	(8)
Epping Forest	33	(15)	(33)	(8)	11	(3)
Harlow	63	(1)	(70)	(7)	24	(10)
Maldon	7	(263)	(9)	(2)	7	(3)
Rochford	2	(12)	(2)	(1)	4	(3)
Southend	26	(13)	(26)	(15)	20	(6)
Tendring	22	(7)	(22)	(3)	4	(1)
Thurrock	142	(122)	(148)	(5)	14	(2)
Uttlesford	118	-	(92)	(4)	9	(4)
Total	**734**	**(608)**	**(696)**	**(92)**	**215**	**(73)**

2013/14

Authority	Amounts Owed by Billing Authority £000	Amounts Owed to Billing Authority £000	Provision for Business Rates appeals £000	NDR Prepayments £000	NDR Arrears £000	NDR Bad Debt Provision £000
Basildon	69	-	(69)	(6)	20	(9)
Braintree	12	(2)	(13)	(7)	13	(4)
Brentwood	7	(12)	(15)	(5)	21	(9)
Castle Point	5	(4)	(5)	(1)	3	(2)
Chelmsford	28	(38)	(27)	(18)	27	(10)
Colchester	32	-	(13)	(7)	6	(8)
Epping Forest	12	(10)	(15)	(3)	11	(5)
Harlow	-	(106)	43	(3)	18	(17)
Maldon	1	(1)	(3)	(3)	6	(2)
Rochford	3	(4)	(3)	(2)	5	(3)
Southend	23	-	(15)	(7)	19	(8)
Tendring	16	-	(9)	(5)	5	(1)
Thurrock	115	(83)	(130)	(6)	25	(5)
Uttlesford	67	(63)	(68)	(4)	9	(4)
Total	**390**	**(323)**	**(342)**	**(77)**	**188**	**(87)**

36 Premiums and Discounts

Premiums and discounts are paid or received on early redemption of borrowing. As at the 1 April 2014 the Authority had no outstanding premiums or discounts balances on its Balance Sheet and none as at 31 March 2015.

37 Financial Guarantees

The Authority has provided a letter of support in respect of EFA (Trading) Ltd.

38 Price and Foreign Exchange Risk

Apart from the investment in EFA (Trading) Limited the Authority does not hold any financial investments in equity shares; consequently the Authority is not exposed to any losses arising from movements in the price of shares. The Authority's shareholding in EFA (Trading) Limited and its loans to the company are to facilitate those trading activities permitted by law.

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

FIREFIGHTERS' PENSION FUND ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2015

2013/14 £000		2014/15 £000
	Contributions receivable	
	from employer	
(5,591)	normal contributions	**(5,377)**
(17)	early retirements	**(96)**
(3,601)	from members	**(3,941)**
	Transfers in	
(12)	individual transfers in from other schemes	**(26)**
	Benefits payable	
14,692	pensions	**15,311**
2,852	commutations and lump sum retirement benefits	**5,963**
	Payments to and on account of leavers	
347	individual transfers out to other schemes	**57**
8,670	**Deficit for the year before top-up grant receivable from central government**	**11,891**
(8,670)	Top up grant payable by sponsoring department	**(11,891)**
-	**Net amount payable for the year**	**-**

FIREFIGHTERS' PENSION FUND NET ASSETS STATEMENT

AS AT 31 MARCH 2015

2013/14 £000		2014/15 £000
	Net current assets and liabilities	
(2,919)	Top up receivable from sponsoring department	**(1,673)**
2,919	Amount owing to general Fund	**1,673**
-		**-**

NOTES TO FIREFIGHTERS' PENSION FUND ACCOUNT

1 Background

From April 2006 the Government introduced new rules for the accounting arrangements for Firefighters' pensions. In addition a New Firefighters' Pensions Scheme (NFPS) was introduced for regular and retained firefighters employed with effect from 6th April 2006. Responsibility for policy on the pension schemes rests with the Department for Communities and Local Government. The administration and payment of individual pensions under the old and new pension schemes and benefits is the responsibility of fire and rescue authorities.

Employees' and employers' contributions into the Pension Fund are determined by the Secretary of State on the advice of the Government Actuary who will have regard to the total cost of Scheme benefits. They will be reviewed regularly. The Authority also makes additional contributions where Firefighters retire early on health grounds. Valuations of the Firefighters' Pension Schemes are expected to take place every 4 years.

The accounting statement does not take into account liabilities to pay ongoing pensions and other benefits beyond 31 March 2015.

2 Accounting policies

2.1 Accounting convention

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

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

2.2 Contributions

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

2.3 Benefits payable

Retirement benefits are accounted for on an accrual basis.

2.4 Transfers to / from other Schemes

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

2.5 Basis of preparation and International Financial Reporting Standards

The Pension Fund Statement of Account summarises the transactions of the scheme and the net assets of the Fund. The accounts do not reflect obligations to pay pensions and benefits that fall due after the financial year. The liability of the Authority in respect of Firefighter pensions is reported in Note 32 to the Authority's accounts.

There are no material changes to the Firefighters' Pension Fund Account as a result of transition to International Financial Reporting Standards.

GLOSSARY OF TERMS

1 Accounting period

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

2 Accruals

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

3 Actuarial gains and losses

For defined benefit schemes, the changes in actuarial deficits or surpluses arise because:

events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses) or the actuarial assumptions have changed.

4 Asset

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

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

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

5 Audit of accounts

An independent examination of the Authority's financial affairs.

6 Balance sheet

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

7 Borrowing

Government support for capital investment is described as either Supported Capital Expenditure (Revenue) known as SCE(R) or Supported Capital Expenditure (Capital Grant) known as SCE(C). SCE can be further classified as either Single Capital Pot (SCP) or ring-fenced.

8 Budget

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

9 Capital expenditure

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

10 Capital financing

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

11 Capital programme

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

12 Capital receipt

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

13 CIPFA

The Chartered Institute of Public Finance and Accountancy.

14 Collection fund

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

15 Consistency

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

16 Contingent asset

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

17 Contingent liability

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

18 Corporate and democratic core

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

19 Creditor

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

20 Current service cost (pensions)

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

21 Debtor

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

22 Deferred charges

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

23 Defined benefit pension scheme

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

24 Depreciation

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

25 Discretionary benefits (pensions)

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

26 Equity

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

27 Events after the balance sheet date

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

28 Exceptional items

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

29 Expected return on pension assets

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

30 Extraordinary items

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

31 Fair value

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

32 Government grants

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

33 Impairment

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

34 Income and expenditure account

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

35 Interest cost (pensions)

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

36 Investments (pension fund)

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

37 Liability

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

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

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

38 Liquid resources

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

39 Long term contract

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

40 Materiality

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

41 Minimum Revenue Provision (MRP)

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

42 Net book value

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

43 Net debt

The Authority's borrowings less cash and liquid resources.

44 Non distributed costs

These are overheads for which no user now benefits and as such are not apportioned to services

45 Non-domestic rates (NDR)

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

46 Non-operational assets

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

47 Operating lease

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

48 Operational assets

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

49 Past service cost (pensions)

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

50 Pension scheme liabilities

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

51 Precept

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

52 Prior year adjustment

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

53 Provision

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

54 Public Works Loan Board (PWLB)

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

55 Rateable value

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

56 Related parties

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

57 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.

58 Remuneration

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

59 Reserves

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

60 Residual value

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

61 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.

62 Revenue expenditure

The day-to-day expenses of providing services.

63 Revenue support grant

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

64 Stocks

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

65 Temporary borrowing

Money borrowed for a period of less than one year.

66 Useful economic life (UEL)

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

ESSEX FIRE AUTHORITY
Essex County Fire & Rescue Service

MEETING	**Policy & Strategy Committee**	AGENDA ITEM	**5**
MEETING DATE	23 September 2015	REPORT NUMBER	**EFA/075/15**
SUBJECT	**Budget Review – August 2015**		
REPORT BY	The Finance Director & Treasurer		
PRESENTED BY	The Finance Director & Treasurer, Mike Clayton		

SUMMARY

This paper reports on expenditure against budget as at 31 August 2015 and identifies major variances to the budget for the period. The report also reviews the forecast outturn for 2015/16 and seeks approval for significant budget virements.

RECOMMENDATIONS

Members are asked to:

1. Note the review of income and expenditure against the budget;
2. Note the forecast position for 2015/16;
3. Agree the budget virements summarised in the paper; and
4. Note the actual position with capital expenditure;

BACKGROUND

This report reviews the actual expenditure against budget to 31 August 2015 for both revenue and capital expenditure. .

A summary of the net revenue expenditure for the two months to 31 August is shown in the table below.

Description	YTD Actual £'000s	Variance YTD £'000s	% Variance YTD	YTD Commitments £'000s
Firefighters	13,828	(199)	-1%	-
On-Call Fire-Fighters	1,973	155	9%	-
Control	537	(43)	-7%	-
Support Staff	4,662	258	6%	74
Total Employment Costs	**21,000**	**171**	**1%**	**74**
Support Costs	778	(77)	-9%	131
Premises & Equipment	4,124	(105)	-2%	754
Other Costs & Services	1,471	27	2%	545
Ill health pension costs	821	(13)	-2%	-
Financing Items	750	(4)	-1%	0
Operational income	(1,976)	(261)	15%	0
Contribution to/(from) Reserves	-	(211)	0%	-
Total Other Costs	**5,968**	**(643)**	**-10%**	**1,431**
Total Budget	26,968	(472)	**-2%**	1,505
Total Funding	(31,846)	(0)	**0%**	-
Funding Gap / (Surplus)	(4,878)	(473)		1,505

More detailed figures are provided at page 9.

STAFFING

Overall employments costs are £171K (1%) above budget for the 5 months to 31 August

The underspend for whole time fire-fighters is £199K (1%), the major element here is a reduction in employers pension contributions following the introduction of the new firefighters pension scheme from 1st April 2015 (£175K). The employers' contribution rates for the firefighter's pension scheme were not announced until after the budget was finalised.

For on-call firefighters, spend is £155K over budget, The industrial action on 13/14th June and 6th August accounts for additional resilience costs of £158k.

The impact of the changed employers contribution rates for the firefighters pension scheme will result in lower contributions overall and therefore produce an underspending against budget in 2015-16.

The £258K overspend on support staff pay mainly relates to casual and temporary staff for specific project work in the HR, Community Safety and Property departments. Budget holders are currently considering virements to deals with this position.

Whole-time fire-fighter numbers at 729.0 are 11.0 (1%) under phased budget at the end of August, the main reason for this is a high number of retirements and leavers (14 in total) during April. There are no plans to recruit more whole-time fire-fighters at the current time.

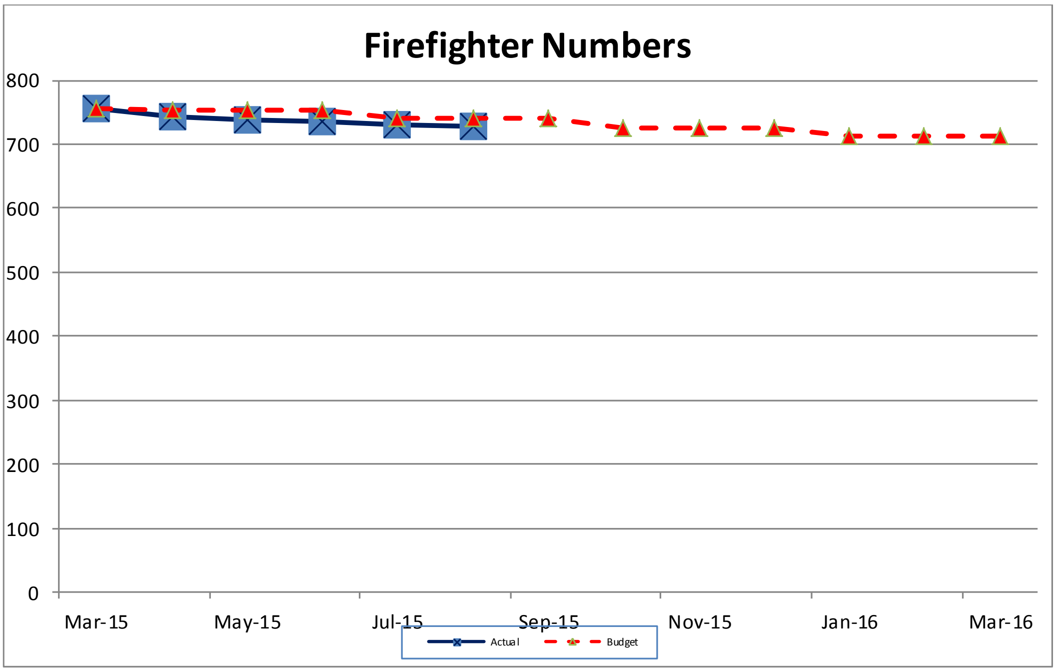
The staffing position at the end of August is summarised below (% figures rounded):

31 Aug 2015	Actual	Budget	Variance	
Wholetime Firefighters - FTE	729.0	740.0	-11.0	-1%
On-Call Firefighters - Headcount	472.0	514.0	-42.0	-8%
Control - FTE	34.0	34.0	0.0	0%
Support Staff - FTE	258.0	262.0	-4.0	-2%
Total	1,493.0	1,550.0	-57.0	-4%

The figures in the table above show on-call fire-fighters on a headcount basis. On a full time equivalent basis there are 375 fire-fighters against a maximum station requirement of 454. Changes to the recruitment process for on-call firefighters are being made and an increase in the number of on-call firefighters is expected by the year end.

The number of whole-time fire-fighters aged over 50 with more than 30 years' service was 7 at the end of August; we have experienced higher retirement rates in the first months of the year than anticipated in the budget. The number of fire-fighters over 50 with more than 25 years' service was 79 at the end of August.

The graph below shows the numbers of whole-time fire-fighters compared to the budget for the month.



WATCH BASED FIREFIGHTERS

The numbers of Watch Based Fire-fighters compared to the target levels set by the Authority are shown below:

Date	Budgeted Rider Resource	Optimum Rider Resilience Level	Critical Minimum Rider Requirement	Actual Riders	Wholetime Rota Day Working (FTE)	On-Call Firefighters Mixed Crewing (FTE)
31/07/2015	611	608	576	577.5	0.0	3.2
31/08/2015	611	608	576	576.0	0.0	3.2

Watch based numbers are below the optimum rider resilience level; this level will reduce when the final stage of the withdrawal of Rescue Tenders is completed in the late summer. Action, short of a strike by the Fire Brigades Union as part of the national dispute over pensions is preventing any additional shift working or voluntary overtime by firefighters. The additional shifts worked by on-call fire-fighters, mainly at Dunmow are reported as Full Time Equivalent (FTE) posts in the table above.

NON PAY RELATED EXPENDITURE

Non pay expenditure is £172k underspent for the 5 months to 31 August; in addition operational income is £261K better than budget.

Support costs are £77K (9%) underspent overall, clothing (£31K), occupation health (£27K) and travelling/subsistence (£66K) are all underspent, contributions to the pension fund for financial strain relate to support staff early retirements and are £63k overspent.

Premises and equipment is £105K (2%) underspend, the main elements are a slower than budget take up on property maintenance partially offset by higher electricity costs.

Operational income is £261k better than budget; the main reasons for this are higher secondment recharging (£89K) and higher government grants for business rates support than budgeted for (£196K).

FORECAST 2015-16

The forecast for the year reflects the projection forward of staff costs based on expected staff headcount and budget holders forecasts of outturn expenditure. The forecast included in the finance report for July has now been updated to take account of continuing industrial action up to and including the 1st September. The updated forecast shows that we are now expecting a small underspend of c. £28k for the year.

The budget agreed by the Fire Authority in February was £71.8m; in addition, a number of earmarked reserves were created last year to enable funding of specific expenditure in 2015-16. These reserves included £.07m relating to workforce planning, solar panel installation at stations and the costs of the cultural review currently being undertaken. The total net expenditure budget for the year therefore stands at £72.5m.

The outturn forecast is summarised below.

Description	Current Full Year Budget £'000s	July Forecast £'000s	Forecast Variance £'000s	% Forecast Variance
Firefighters	33,293	32,961	(332)	-1%
On-Call Fire-Fighters	5,208	5,624	416	8%
Control	1,401	1,334	(67)	-5%
Support Staff	10,611	11,096	485	5%
Total Employment Costs	**50,513**	**51,015**	**501**	**1%**
Support Costs	2,140	1,901	(239)	-11%
Premises & Equipment	10,151	10,231	81	1%
Other Costs & Services	3,444	3,788	344	10%
Ill health pension costs	2,000	2,000	-	0%
Financing Items	7,879	7,879	(0)	0%
Operational income	(4,116)	(4,552)	(436)	11%
Contribution to/(from) Reserves	506	226	(280)	-55%
Total Other Costs	**22,002**	**21,472**	**(530)**	**-2%**
Total Budget	72,515	72,487	(28)	**0%**
Total Funding	(71,827)	(71,828)	(0)	**0%**
Funding Gap / (Surplus)	688	660	(28)	

The main factor contributing to the underspend on firefighters pay is a reduction in employers pension contributions following the introduction of the new firefighters pension scheme from 1st April 2015. The employers' contribution rates for the firefighter's pension scheme were not announced until after the budget was finalised.

On call fire-fighters pay is forecast to be £416K overspent, £375K of this relates to the impact of resilience payments as a result of industrial action for the period from the 13th June to 1st September. No further forecast is made for the effects of any further industrial action not yet announced as it is not possible to predict during the remaining part of the year.

Support staff pay is forecast to be £485K (5%) overspent for the year, there are two main contributory factors, firstly we have included £250K for the impact of implementing the recommendations of a job evaluation report, whilst this has yet to be agreed by Members of the Fire Authority it is included in this forecast to be prudent. The other main factor is additional support costs in ICT to support the ongoing Control mobilisation project.

Premises and equipment shows a forecast overspend of £81K, this mainly relates to utilities where the savings from solar panels have not reached the levels included in the budget.

Operational income is forecast to be better than budget, in particular secondment income is forecast to be c.£190K better than the budget of £100K, and business rates support is forecast to be £250K better than the budget of £220K.

JOB EVALUATION

The Service Job Evaluation Project under the Workforce Transformation Programme sought to review the current Green Book job evaluation provision to ensure value for money and time efficiencies and made recommendations for Green Book Job Evaluation going forward. The Project Report reviewed the current arrangements for Green Book Job Evaluation and outlines the current issues. It assesses the findings of information gathered from other Fire and Rescue Services and job evaluation providers and makes fact based recommendations for the future approach of Green Book job evaluation.

In summary the Project Report identified that the average number of job evaluations undertaken was 27 per year, with an average expenditure of £9k per annum. This cost excludes management time. Under the current arrangements for external evaluations this figures has risen to £15k per annum.

Of the three job evaluation schemes identified within the Project Report, the most commonly used by Local Government was the Hay scheme. It can be applied to the full range of Green Book roles and provides a disciplined, methodology and process which makes as near objective decisions as practical. This methodology will continue to be used.

Currently the Service experiences difficulties recruiting to specialist roles within a number of departments including HR, Health & Safety, ICT and Performance Management & Improvement. The Service's support staff turnover rate is 19% compared to an average public sector turnover rate of 9%. In addition, in 2014/15 the Service spent £1m on temporary and agency staff to cover vacancies and other short term requirements.

Hay Management Group undertook a comparison of the Service's current pay policy against Hay Group market data. This piece of work identified that not all of our Green Book pay is competitive. These findings suggest that the current pay policy does not align with the market value of some specialist roles. The comparison found that the pay policy is between lower quartile to the median for grades up to PO1 and that the pay policy becomes less competitive from PO2 onwards, with pay at M1, M2 and M3 benchmarked between the lower decile and lower quartile of the market.

In recognition that the pay policy is not competitive the Strategic Management Board agreed with the recommendation from the Director of HR and Organisational Development that the Service addresses the pay policy issues in the coming year. A recent study by Oxford Economics suggests an average cost to recruit a single employee is £31k. This is made up of recruitment costs, hiring temporary workers before the replacement starts, management time spent interviewing, recruitment agency fees, advertising the new role and HR time spent processing replacement and costs from lost output as new employees take 28 weeks to reach optimum productivity.

Hay Management Group will be used to provide support and advice on the design of new pay and grading structures. Hay Management Group estimated the cost to bring Green Book employees to the public and not for profit market median is in the region of £450,000 (7% of pay bill). The potential cost on the pay-bill has not been included within the budget for 2015/16 and approval from Members for a virement to cover this additional cost is required, based on a 1 October 2015 implementation date. The balance of the additional cost will be built into the 216/17 budget.

BUDGET VIREMENTS

A number of factors reflected in the forecast shown above require the formal approval of budget virements. These are:

1. A virement of £360k to reduce the pensions budget for wholetime firefighters to reflect the 2015/16 employer pension contribution rate:

2. A virement of £250k to support staff costs to reflect the impact in 2015/16 of the job evaluation review for “Green Book” staff; and

3. A virement of £192k for the costs of backfilling posts seconded to the 2020 programme.

CAPITAL EXPENDITURE

Capital expenditure spent and committed for the 5 months to 31 August 2015 is shown in the table below.

Total capital expenditure is £6.3m, the largest item included is £3.7m for new appliances. The figure also includes £290K for Solar Panels and £395K for asset protection. The equipment spend and commitment of £667K includes Thermal imaging Cameras (£344K) and Heavy rescue equipment (£241K)

The investment of £1,016K in information technology relates to replacing the MIS system for Community Safety, the water section and Fleet Workshops.

`	Original Budget 2015/16 £'000s	Approved Changes £'000s	Revised Budget - 18/3/15 £'000s	Total Spend including Commitments £'000s
Property				
New Premises				
Solar Panels	-	291	291	290
Asset Protection	2,170	-	2,170	395
Total Property	**2,170**	**291**	**2,461**	**685**
Equipment	**736**	**639**	**1,375**	**667**
Information Technology				
Projects > £250k	1,300	-	1,300	910
Projects < £250k	200	-	200	106
Total Information Technology	**1,500**	**-**	**1,500**	**1,016**
Vehicles				
New Appliances	3,161	1,221	4,382	3,697
Other Vehicles	608	243	851	273
Total Vehicles	**3,769**	**1,464**	**5,233**	**3,970**
Total Capital Expenditure	**8,175**	**2,394**	**10,569**	**6,338**

RISK MANAGEMENT IMPLICATIONS

The review of expenditure against the profiled budget is part of the overall financial control process of the Authority. In exceptional circumstances it allows for budget virements to ensure that underspending against budget heads can be utilised to fund expenditure against other priorities. If virements are not made there is a risk that the Authority will miss out on opportunities to improve performance and meet key objectives during the year. The Authority's reserves are at the upper end of their target range and the Authority is able to fund short term fluctuations in activity from them when necessary.

The review of the management accounts is one control measure to mitigate the risk of overspending the Authority's budget for the year.

LEGAL IMPLICATIONS

There are no direct legal implications within this report.

USE OF RESOURCES

There are no use of resources implications within this report

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications arising from this report

EQUALITY IMPLICATIONS

There are no equality implications arising from this report.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of appendices attached to this paper: Appendix 1 – Expenditure compared to budget to 31 August 2015	
List of background documents (not attached):	
Proper Officer:	The Finance Director and Treasurer
Contact Officer:	The Finance Director and Treasurer, Mike Clayton Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB Tel: 01376 576000 E-mail: mike.clayton@essex-fire.gov.uk

EXPENDITURE COMPARED TO BUDGET TO 31 AUGUST 2015

Description	YTD Actual £'000s	Variance YTD £'000s	% Variance YTD	YTD Commitments £'000s
Firefighters	13,828	(199)	-1%	-
On-Call Fire-Fighters	1,973	155	9%	-
Control	537	(43)	-7%	-
Support Staff	4,662	258	6%	74
Total Employment Costs	**21,000**	**171**	**1%**	**74**
Training	240	(21)	-8%	21
Employee Support Costs	333	10	3%	108
Travel & Subsistence	204	(66)	-24%	2
Support Costs	**778**	**(77)**	**-9%**	**131**
Property Maintenance	751	(202)	-21%	416
Utilities	256	58	29%	0
Rent & Rates	629	30	5%	0
Equipment & Supplies	593	(4)	-1%	78
Communications	572	44	8%	79
Information Systems	916	(3)	0%	148
Transport	407	(27)	-6%	33
Premises & Equipment	**4,124**	**(105)**	**-2%**	**754**
Establishment Expenses	384	(137)	-26%	119
Insurance	230	17	8%	-
Professional Fees & Services	752	149	25%	359
Democratic Representation	59	(6)	-9%	-
Agency Services	46	4	9%	67
Other Costs & Services	**1,471**	**27**	**2%**	**545**
Ill Health Pension costs	**821**	**(13)**	**-2%**	**-**
Lease & Interest Charges	750	(4)	-1%	0
Financing Items	**750**	**(4)**	**-1%**	**0**
Operational income	(1,976)	(261)	15%	0
Contributions to/ (from) General Balan	-	(211)	0%	-
Total Net Financing Requirement	**26,968**	**(472)**	**-2%**	**1,505**
Revenue Support Grant	(9,386)	(0)	0%	-
National Non-Domestic Rates	(6,389)	-	0%	-
Council Tax Collection Account	(332)	-	0%	-
Council Tax	(15,739)	-	0%	-
Total Funding	**(31,846)**	**(0)**	**0%**	**-**

ESSEX FIRE AUTHORITY
Essex County Fire & Rescue Service

MEETING **Policy & Strategy Committee**	AGENDA ITEM 6
MEETING DATE 23 September 2015	REPORT NUMBER **EFA/076/15**
SUBJECT **Medium Term Financial Strategy 2015-20**	
REPORT BY The Finance Director & Treasurer	
PRESENTED BY The Finance Director & Treasurer, Mike Clayton	

SUMMARY

The purpose of this report is to provide an initial assessment of the financial position of the Authority for the next four years. It is designed to set the boundaries for the affordability test associated with the 2020 Programme, and the Authority's policy towards Council Tax levels. The paper also projects forward funding levels assuming a continuation of the reductions in government funding so that the options available for the Authority to balance its budget over this period can be assessed.

RECOMMENDATION

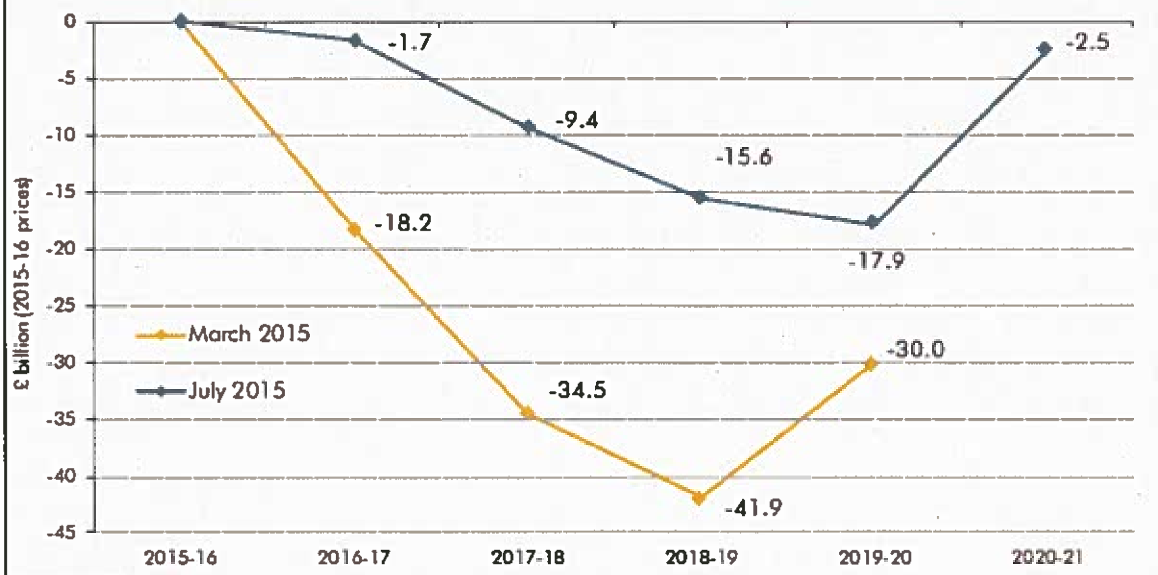
Members are asked to:

1. Note the range of options for the projected loss in government funding from 2016/17 to 2019/20;
2. Agree that future funding plans should reflect increases in the level of Council Tax of 1.5% per annum;
3. Agree that Service planning for 2019/20 should reflect a complete loss of revenue support grant funding from the government; and
4. Agree that the initial 2016/17 budget should be prepared based on a funded total of £69.145m.

BACKGROUND

Since 2010 the Authority has been able to set a balanced budget through the early identification of savings in its operational and support costs. In April the Authority agreed to

Chart 1.5: Change in real RDEL from 2015-16



Source: OBR

This position does of course reflect the overall position for government spending and there is no certainty that the same profile will be reflected either in the funding for local government as a whole, or for fire in particular. This profile would reduce our government grant by £0.8m in 2016/17 whilst an even reduction in revenue support grant over four years would mean a reduction of £3.4m.

All of these factors mean that there a range of rates at which Revenue Support Grant could reduce. On balance it seems reasonable to expect fire not to receive any protection in the rate or scale of the reduction. Other sectors of local government, such as adult social care have significant funding pressures. In addition, reports such as that by Sir Ken Knight in 2013, and the resilience provided during strike periods by fewer appliances all support the case for reducing funding for fire and rescue authorities.

COUNCIL TAXBASE AND COLLECTION RATES

We are now in the third year since the government implemented changes to the arrangements for council tax support. To date, the collection rates by the billing authorities has been higher than budgeted and in the current year we have a surplus on the collection account of just under £0.75m arising from 2014/15. This represents a 1.9% increase in the taxbase. It is likely that the present economic recovery and the activities of the billing authorities to share best practice in managing the collection, supported by funding from the precepting authorities will ensure that the present growth in the tax base will be maintained over the next few years. For this reason a growth of 1.5% per annum in the taxbase has been assumed.

COUNCIL TAX RATE

The government set a cap on council tax increases of 2% for 2014/15 and 2015/16. The Authority has chosen to freeze council tax since 2010/11 and as a result we receive funding for the continuation of our freeze grants (except 2012/13). The decision to accept council tax freeze grants means that the present Band D rate of £66.42 is 12% lower for 2015/16 than it would have been if the maximum increase had been implemented.

initiate the 2020 programme to redesign the Service to improve community safety in Essex. The changes proposed will be:

- Service Led
- Community Focused;
- Values Driven; and
- Financially Sustainable.

The timescale for the programme means that no decision on the service changes required, the timing of those changes, and the financial impact in 2016/17 and future years, will be made until after the final period of public consultation in June 2016.

For this reason the 2016/17 budget will be drawn up based on the current service structure, incorporating normal business reviews and efficiency savings, but excluding any changes that will be subject to consultation at the time the budget is approved. It is expected that the use of reserves will be necessary to balance this initial budget. Revisions to the budget will be made once decisions on future organisational design and service provision are made in June 2016.

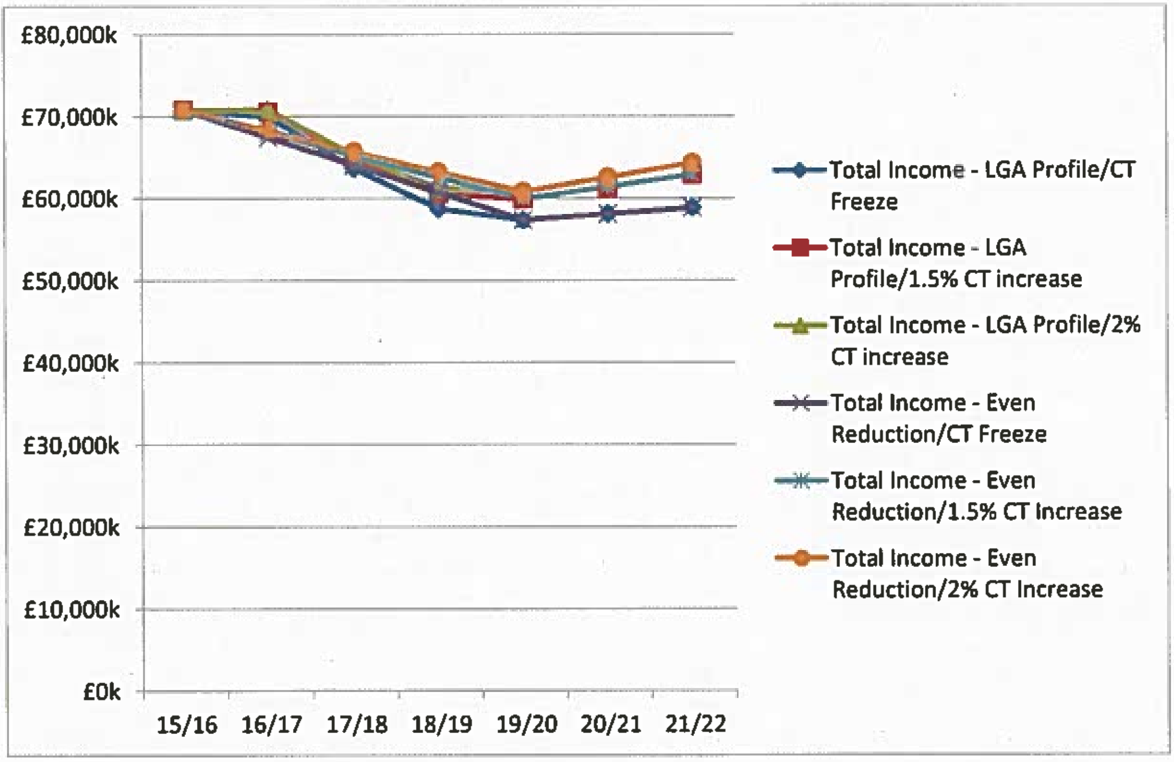
Looking beyond 2016/17 the forward projections in this paper assume that the revenue support grant provided by the government will have been reduced to nil by 2019/20. The 2015 spending review asks government departments to plan for budget reductions of both 25% and 40%. In both scenarios Fire is unlikely to be a priority for funding in comparison with other local government budget pressures. In addition, the experience during the many periods of national strike action in 2014/15 has demonstrated on both a national and local basis that a response service can be delivered with significantly lower levels of resource.

Clearly at this stage in the spending review process the pace of any funding reductions is unknown, and provisional figures for 2016/17 are not expected until late December. The expectation from the LGA is for a small reduction in 2016/17 followed by larger reductions in the next two years. The Chart below shows the position as calculated by the Office for Budget Responsibility comparing the position after the July budget with that before the election in March for government spending as a whole.

Members may be aware that one response to the consultation on the integrated Risk Management Plan has been a postcard campaign that includes a statement saying "I wish for changes to council tax contributions to be fully explored and consulted on with regards to maintaining current levels of fire cover in Essex, Southend and Thurrock". To offset the loss of the current £16.3m in revenue support grant would require a 41% increase in council tax. In any year where the proposed increase was above the government threshold a referendum would be required in each of the 14 billing authority areas, at the Fire Authority's expenses. There are strict regulations governing the information that must be provided and the wording of the question. The first referendum on a council tax increase was held in May 2015, when the Police and Crime Commissioner in Bedfordshire failed to get support for a 15.8% increase in council tax to fund 100 police officers.

There is also the option of the Authority moving away from a freeze in Council Tax and increasing the rate. An increase of 1.5% per annum will increase revenue by £2.4m by 2019/20.

The overall impact of these options is a range of funding scenarios. These are shown in the Chart below:



The range of total income in 2019/20 is between £57.3m and £60.8m, depending on the level of council tax increases assumed. Revenue Support Grant is eliminated in that year for all options.

The average figure for 2016/17 is £69.145m and it is proposed to use this as the basis of budget preparation.

EXPENDITURE PROJECTIONS

The key assumptions on expenditure exclude any decisions associated with the 2020 programme as this will still be subject to public consultation after the budget is set by the Authority.

A number of other changes are reflected in the forecast rate of expenditure, these are:

- Firefighter numbers remain unchanged;
- Higher National Insurance costs from 2016/17 because of the end of contracting out relief;
- Full year impact of Green Book pay scale reviews;
- Reflects the full effect of firefighter pension scheme changes;
- Targeted programme of savings of procurement, back office and support cost savings of £0.5m per annum and
- Pay Inflation restricted to 1% per annum.

Based on the assumptions about firefighter numbers, pensions and the grant forecast, financial projections for the years from 2016/1716 onwards have been modelled. The figures only reflect major changes and are in cash terms reflecting the impact of inflation. In summary the forecast changes that impact on each year are shown in the table below:

Table 1- Budget Projections

Expenditure Forecast	16/17	17/18	18/19	19/20
Base Forecast	£72,117k	£72,117k	£72,117k	£72,117k
Normalise - Strikes	-£440k	-£440k	-£440k	-£440k
Green Book Pay scale changes	£250k	£250k	£250k	£250k
Inflation	£700k	£1,400k	£2,100k	£2,800k
National Insurance Increase	£890k	£890k	£890k	£890k
Savings Initiatives (excl 2020)	-£500k	-£1,000k	-£1,500k	-£2,000k
Total Spend	£73,017k	£73,217k	£73,417k	£73,617k
Funding Gap	**£3,872k**	**£8,418k**	**£12,256k**	**£14,257k**

The funding gap has been calculated based on the average income and funding from the range of options provided. The exact position for 2016/17 will not be known until late December, but the assumption here is that there will be total income of £69.145m in 2016/17.

CLOSING THE GAP – 2016/17 BUDGET

For 2016/17 it is expected that changes brought forward through the 2020 programme will meet the financial sustainability criteria and help to balance the budget. What those changes will be is not yet known, and cannot be anticipated until after the period of public consultation on the options. The table below shows the level of usable reserves available to the Authority:

	31/03/2015
	£'000s
Earmarked Reserves	7,843
Capital Receipts Reserve	2,020
General Reserve	3,742
Total usable reserves	**13,605**

In addition, the sale of Hutton, expected towards the end of the current financial year, will also deliver significant additional usable reserves. It seems to be a reasonable approach to plan on using reserves to enable the budget to be set in February with a further review after the Authority considers the responses to the 2020 programme consultation.

The current level of usable reserves would be almost all eliminated by March 2018 if no other changes are made. This indicates the scale of the financial challenge for the Authority over the next few years.

SAVINGS OPPORTUNITIES

Pay costs form the largest single element of the Authority's budget accounting for some 75% of expenditure. There are clearly opportunities to achieve significant savings in staff costs across almost all the areas of activity within the Service. The proposals to be brought forward as part of the 2020 programme will need to deliver around £15m of savings by 2019/20 for the Authority to be financially sustainable.

No single area will enable the savings to be achieved. For example, maintaining a recruitment freeze for firefighters would see numbers fall to an average of 582 in 2019/20 reducing expenditure by around £5.8m. A one third reduction in the costs of green book staff over the same time period would reduce spending by around £3.7m.

Non-staff costs will also have to be considered critically. High spending areas such as property, ICT and fleet will need to reduce expenditure. Clearly proposals to reduce the numbers of appliances or fire stations will be a factor in determining the reductions in expenditure that could be achieved, and this fact will need to be considered as the 2020 proposals are reviewed.

In overall terms, it is clear that the scale of savings needed by 2019/20 is achievable, and that the balance of these across the Service will be a key consideration for the Authority in determining what proposals to consult on in the first few months of 2016. In the meantime, it would be realistic for the Authority to set an initial budget for 2016/17, with a view to revising the expenditure plans once the consultation on proposals has concluded and decisions on the future shape of the Service made.

RISK MANAGEMENT IMPLICATIONS

The purpose of this report is to set out the financial risks to the Authority for the next few years.

LEGAL IMPLICATIONS

There are no legal implications from this report.

FINANCIAL IMPLICATIONS

The financial implications are set out in the report.

USE OF RESOURCES

The Authority's 2020 programme is designed to deliver a strategy and set of proposals to address funding issues over the 2015 spending review period.

EQUALITY IMPLICATIONS

There is no equality Implications associated within this report

ENVIRONMENTAL IMPLICATIONS

There are no environmental Implications associated within this report.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of background documents	
Proper Officer:	Director of Finance & Treasurer
Contact Officer:	Mike Clayton, Essex County Fire & Rescue Service, Kelvedon Park, Witham, Essex CM8 3HB Tel 01376 576000 E-mail: mike.clayton@essex-fire.gov.uk

Essex Fire Authority
Essex County Fire & Rescue Service

MEETING **Policy & Strategy Committee**	AGENDA ITEM **7**
MEETING DATE 23 September 2015	REPORT NUMBER **EFA/077/15**
SUBJECT Fleet Workshops Redevelopment	
REPORT BY Mike Clayton - Finance Director & Treasurer	
PRESENTED BY Mike Clayton - Finance Director & Treasurer	

SUMMARY

For some years the condition of the Service's vehicle workshop at Lexden has been deteriorating. The nature of the building components make maintenance and refurbishment unduly complicated. The Fleet and Equipment Services Function underwent a service review in 2013 that resulted in the creation of the Fleet and Equipment Transformation Board that considered a number of recommendations and a way forward for Fleet Services into the future.

This report recommends a way forward for one key workstream; Resolving the Property Challenge. The intention is to design and deliver a solution for a new facility on the existing site at Lexden, Colchester.

Funding of £1.13m is requested to progress a construction project to tender evaluation. At that stage the full business case will be brought forward once the overall project cost is known.

RECOMMENDATIONS

Members of the Essex Fire Authority are asked to:

1. Agree the requirement for a new Fleet Services facility;
2. Agree the initiation of a project to design and tender for the construction of a new Fleet Services Facility at a cost of up to £1.13m; and
3. Agree that Lead Members should represent the Authority on the Project Board.

BACKGROUND

The current Fleet Workshops site occupies a corner position to the south west of Colchester town centre. The location is mainly residential although the site itself is adjacent to a school and an ambulance station and the Authority's site includes the Urban Search and Rescue base. The recent relocation of stores and the Breathing Apparatus Workshop to the site assisted in the vacation of Hutton. The site comprises a main building with a series of outbuildings with a concrete yard area providing parking and testing areas.

Although serviceable as a site and layout the utilisation is hampered by the building constructions. Most of the buildings are constructed of clad steel frame, with a high proportion of the construction materials containing asbestos. Standard maintenance items such as roofs and windows cannot be replaced without a significant safety risk. Elements of all the buildings have been patched repaired to the point that there is a significant risk of failure in the next few years. Dated design elements such as a single entry door on the main building greatly restrict the effective use of the current facilities, hampering the flett workshops performance.

There are currently three options available to the Authority regarding the facility:-

1 Relocation of the Fleet Workshops facility;
2 Demolition and rebuild of the current facility; and
3 Outsource vehicle maintenance.

The relocation of the Fleet Workshops does solve a number of issues arising from trying to continue the service during a substantial redevelopment project and would be expected to be the cheapest overall solution. In considering the relocation option, a number of sites, organisations and local authorities have been contacted within the local area. The main options for relocation are to the Authority's headquarters site at Kelvedon Park, or within the Colchester area.

There are potential difficulties and additional expenditure associated with moving to the Kelvedon Park site as the current electricity supply arrangements for the site would not be sufficient to accommodate the workshops. In addition the change in use for the site, as well as the design of the workshop facility would require consent from the local planning authority. Discussions with Colchester Borough Council have not, to date, identified a suitable alternative site at the time of writing this report.

Work will continue over the coming months to determine whether there would be a suitable alternative location for the proposed development.

The opportunity to develop a new workshop facility on the same site is therefore the preferred option at this time and the proposed financial authority for the design costs reflects this option. The position will be monitored through the early stages of the design process so that if a suitable freehold site became available this option would be brought back for Member consideration.

The option to outsource vehicle maintenance is not recommended. Two studies in recent years have confirmed that the labour rate and operating efficiency of the existing workshop facility are competitive and that an outsourced option would increase the overall fleet maintenance costs for the Authority.

Design to tender stage Proposal

Local site searches have confirmed that the demolition and rebuild (Option 2) of the existing facility is the only viable option available for the Authority within the Colchester area and available at this time. Redevelopment with Fleet Services still in operation on the site does present significant logistical issues considering the size and nature of the buildings. A temporary relocation to a suitable alternative facility would be beneficial in both time and money.

Because there are no suitable alternative sites available Officers have brought forward this proposal.to request finance and time to progress a redesign of the existing site. Work has been undertaken to identify user requirements for a modernised facility. Although at the outset the design work could be transferred to alternative locations; as work progresses site transfer later becomes more expensive. Once the design is completed and the specification issued for tender the Authority will be committed to the site.

It is proposed with the support of Members that work continues on the existing site design to the procurement stage of the construction project. When the design and the specification for the build are completed the Authority will be in a position to consider whether to progress the development on the strength of a tender proposal from a contractor.

Design to Tender Stage Costs

The following figures are an estimation of the total project cost. As with all construction works it will be some time after completion of the project that costs will have full certainty.

In order to establish costs the Board supported Fleet Management to identify user requirements for a replacement facility. Utilising sizes and relevant construction cost data a possible construction figure has been achieved. Using the experience of other construction projects a sum has been allocated to the design and tender process.

Outline Construction Costs

It should be noted that the following costs have not been allowed for:-

- Any temporary accommodation arrangements;
- Any relocation or redesign costs if an appropriate site is identified;
- Any statutory services upgrades;
- Planning fees above a standard application (e.g. an appeal);
- Forthcoming changes in planning or building regulations that change the design;
- Any future changes in asbestos removal legislation;
- The type of construction contract that the build is let on; and
- Any changes to the current OJEU expectations.

The total project cost currently anticipated to be around £11m to provide an up to date facility on a similar footprint to the existing buildings. The design proportion of this would amount to £1.13m.

There is a significant issue in the redevelopment of the Fleet facility with users of the site still in place. Part of the design criteria will require a solution to this issue.

Outline Programme

The outline timescale proposed is as follows:-

Work Item	Outline delivery date
Members agreement to design fees	September 2015
Product descriptions agreed for the construction	November 2015
OJEU process starts for design team	March 2016
Design Team appointed via European regulations	September 2016
Completion of design	June 2017
Tender and adjudication of construction works	December 2017
Construction contract agreement	February 2018
Construction completion	May 2019

As with all significant contracts there could be some timescale slippage in either direction.

RISK MANAGEMENT IMPLICATIONS

The risks arising from this paper are varied and significant. The Project Board, including Lead will monitor the implications for the Authority from the programme and Property Services Manager will supply risk information to the Board from the design and construction processes through formalised issues and risk identification and monitoring processes.

Failing construction items, plant and machinery bring their own risk management issues.

FINANCIAL IMPLICATIONS

This project was not included in the 2015/16 budget, and it is not expected that any significant design costs will be incurred in the financial year, depending on the progress in the procurement of the design team. The direct expenditure on the maintenance of the fleet is £2.5m per annum with a further £0.2m for the costs of the site. The timing of the design work will ensure that any changes to fleet size or composition as a result of the 2020 project can be reflected in the requirements for the new building. Should the project not proceed once the design phase has been completed there will be a one-off revenue charge for the costs incurred.

LEGAL IMPLICATIONS

There are a number of legal implications arising from the Fleet and Equipment project and the construction.

The maintenance and repair of service vehicles along with the legal obligations to vehicle users and other road users carries legal implications. There are legal ramifications for the Authority's current and future treatment of Asbestos containing materials. The asbestos containing products and encapsulating materials on site will only continue to degrade and will present significant health risks to building occupiers.

There are a number of legal questions arising from externalities such as the Disability Discrimination Act and Workplace Acts.

USE OF RESOURCES

The Fleet and Equipment, Urban Search and Rescue and Stores functions are all key parts of this Authority's delivery obligations for an operational service. Combined with the implications of a dated and deteriorating facility the project could be considered as an imperative use of resources.

ENVIRONMENTAL IMPLICATIONS

As one of the larger single facilities that the Authority owns, any improvement in key performance costs will make an improvement to the carbon footprint of the Authority.

EQUALITY IMPLICATIONS

Improvement in the facilities associated with the Lexden site will ensure current equality standards in terms of access and facilities are achieved.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of appendices attached to this paper:	
List of background documents (not attached):	
Proper Officer:	**Mike Clayton – Finance Director & Treasurer**
Contact Officer:	**Jon Doherty, Property Services Manager** Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB Tel: 01376 576000 E-mail:

Essex Fire Authority
Essex County Fire & Rescue Service

MEETING **Policy & Strategy Committee**	AGENDA ITEM **8**
MEETING DATE 23 September 2015	REPORT NUMBER **EFA/078/15**
SUBJECT Employee Mental Health and Wellbeing	
REPORT BY Lindsey Stafford-Scott, Director of HR and Organisational Development	
PRESENTED BY Lindsay Shankland, Deputy Director of HR and Organisational Development	

SUMMARY

Mental ill health is prevalent within society and the nature of Emergency Services means employees are additionally at risk of psychological illness or trauma.

In 2014-2015 the Workforce Transformation Programme initiated a project on Employee Health and Wellbeing. A major aspect which came out of this work was the need to look at the mental health needs of the workforce.

Through further project group meetings employees have developed a core statement and action plan to improve and safeguard mental health and wellbeing for all.

The Service is able to join the Mind Blue Light Programme for Emergency Services in order to give structure to this work and to open up networks and access to resources.

RECOMMENDATIONS

Members of the Committee are asked to:

1. Support the Employee Mental Health and Wellbeing core statement and action plan.

2. Recommend that Essex Fire Authority sign the Mind Blue Light Pledge for Emergency Services.

BACKGROUND

One in four people will experience mental ill health at some point of their lives. Over and above the stresses of day-to-day life, operational staff have experiences which place great psychological pressure upon them and may lead to clinical illness with a long lasting impact on them and the Service. To respond to this, Mind, the Mental Health charity, launched a Blue Light Scheme for Emergency Services in March 2015.

To date the Service has focused its attention on providing good support and counselling to employees experiencing stress or mental ill health. There are specific protocols to respond to critical incidents to ensure employees get the immediate and long term care they need to process their experiences. However, it has been recognised through the Employee Health and Wellbeing Group (part of the Workforce Transformation Project) that we can and should take a proactive approach and put in place prevention and protection strategies across the workforce.

A sub-group of the Employee Health and Wellbeing group has developed a core statement and action plan setting out the environment, policies and training which are required and identifying key steps to achieve this.

By submitting this action plan to Mind we can join the Blue Light Programme for Emergency Services. This will demonstrate that the Service is positive about mental health and are working with employees to build resilience and also provide support for when people need it. A key part of this will be to reduce the stigma associated with mental illness to encourage people to speak out early when they need help.

A key benefit of subscribing to the Mind Blue Light Programme is being part of a national network of similar services working to improve mental health and wellbeing. In addition there are training packages and marketing resources for the Service to use.

By implementing this action plan, working with partners and experts across the country and engaging with staff it is anticipated that employees will feel safe and supported at work and will have resilience to manage stress associated with work and organisational change.

The core statement and action plan are included as an attachment.

RISK MANAGEMENT IMPLICATIONS

All employees are at risk of stress and other forms of mental ill health. Whether or not it is work related, the Service is affected by absence or poor performance. Therefore a robust approach to managing mental wellbeing – including responding to critical incidents - will help people avoid illness or identify it early thus minimising the personal and organisational effects.

FINANCIAL IMPLICATIONS

There are no direct costs associated with subscribing to the Blue Light Programme.

There will be costs to the Training Budget due to the provision of the Wellbeing and Resilience training package.

In the long term, the costs of sickness absence relating to mental ill health are expected to fall.

LEGAL IMPLICATIONS

The Service has a duty of care to its employees under the Health and Safety at Work Act 1974 and is also required to assess the risks employees are exposed to under the Management of Health and Safety at Work Regulations 1999.

The Equalities Act 2010 outlaws discrimination on the grounds of disability which can only be upheld if managers are able to identify and correctly manage mental ill health.

USE OF RESOURCES

The action plan requires that the development of Employee Mental Health and Wellbeing is included in Service Business Plans which will ensure that it can be delivered within existing resources. The greatest progress will be made if many people make a small contribution each which should allow it to be absorbed within normal duties.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications from this report.

EQUALITY IMPLICATIONS

Direct and indirect discrimination on the ground of disability are unlawful and this action plan will assist the service in abiding by good practice and working within the law.

Moreover, stigma associated with mental ill health prevents some people identifying as unwell or seeking help early and the core statement and action plan will help break that down for the benefit of employees.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of appendices attached to this paper: Employee Mental Health and Wellbeing Action Plan	
List of background documents (not attached):	
Proper Officer:	**Lindsey Stafford-Scott**
Contact Officer:	**Claire Budgen (Claire.budgen@essex-fire.gov.uk)** Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB Tel: 01376 576000 E-mail:

Part of the Mind Blue Light programme

The Blue Light Time to Change pledge action plan

Your name **Claire Budgen**	**Your email** **Claire.budgen@essex-fire.gov.uk**	**Your service name** **Essex County Fire and Rescue Service**

About the pledge

To drive long term change, we are working with Police, Fire and Rescue, Search and Rescue and Ambulance services in their capacity as employers to tackle mental health stigma in their workplace. We invite services to make the pledge and detail the tangible action they will take in the form below.

By pledging, you will be aligning your service with a major national movement for change. Importantly, it shows that this aspirational commitment to be active in tackling mental health stigma and discrimination in your workplace has support from the top - helping to inspire the culture of your organisation.

Please save this action plan document to file and upload here http://www.time-to-change.org.uk/bluelightpledge when ready to submit.

We ask that you submit your plan a minimum of four weeks before the preferred date of your pledge signing to allow us time to feedback on your plan and send you a Blue Light Time to Change pledge board to sign.

When you upload your plan online you will need the following information:

- a completed action plan (table below)
- the date and time of your signing
- know the person who will be signing on behalf of your organisation
- where the signing will be taking place

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Your pledge action plan

The pledge you are taking is not a measure of attainment or success; instead, it's an aspiration. It's a statement of your organisation's intent to work towards improvement and therefore we want to know what you are aiming to do to, to support these aspirations.

Why do we want an action plan?

While neither a quality mark nor endorsement, for a pledge to have real value, it should lead to some practical action. Your action plan will not be shared with anyone outside of the Blue Light Programme, or Time to Change, but we need to see that you are serious about being active in tackling mental health stigma to ensure the Blue Light Time to Change organisational pledge maintains its value.

Meeting the action plan criteria

We have developed a set of essential criteria to help guide you in the development of your action plan. This criteria has been developed from our learning working with 325 organisations, across sectors, who signed up to the Time to Change organisational pledge between 2011/14. Our pledge toolkit has been designed to support you in completing your plan and gives examples of how each essential criteria may be met. Please ensure you download and have this to hand when you are discussing and completing your form.

However, please don't be limited by our criteria. We encourage you to get creative and create a plan that is manageable within your capacity and resources, but that is ambitious and sustainable. So please feel free to add additional activity above and beyond our essential criteria. We strongly encourage you to think about how you will sustain the momentum and weave activity into long term strategies relevant to wellbeing.

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Essential criteria

Core Statement

Employee Mental Health and Wellbeing
Why we need to do something

Developed by the Employee Mental Health and Wellbeing Group
July 2015

Our staff are our greatest asset and we recognise, promote, encourage and support mental health and wellbeing for all.

We envisage a future workplace where people feel safe, supported, respected and valued. People will feel more confident in talking about their mental health and wellbeing and feel able to take action when they are not well. People will want to be at work and feel they are working in a vibrant environment. This will be evident from hearing people engaging with each other and talking freely about their work, choosing face-to-face communication. People will be happier - smiling and relaxed. The personal and organisational cost of stress and other illnesses will be reduced.

Our organisation provides a prevention, protection and response Service to the public of Essex, Southend and Thurrock. We have a formal organisation structure and policies and procedures which govern how employees work. In the face of this structure, the business and political reality means that change is inevitable and this uncertainty is affecting people's morale. Employees do not always feel valued or supported at work; managers are not equipped to manage mental health and wellbeing in their team and management practice is variable. Moreover, people worry about the stigma of discussing their own mental wellbeing at work.

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Historically we have provided a response service for employees affected by mental ill health: they have been referred to medical services after they have fallen ill. We are aiming to build our prevention and protection strategies to improve wellbeing for all. This intention fits with our Service values of openness, accountability, respect and involvement. It builds on earlier work by the Wellbeing Group and will form part of the Wellbeing strategy later this year. At face value the message that 'our staff are our greatest asset' appears at odds with the plans to reduce the workforce over the next five years. However, this reduction will only increase the need for offering support and encouragement to maintain mental wellbeing. There are two main resource streams at our disposal. Firstly, the commitment and enthusiasm of staff to drive forward improvements by fitting in project work around their jobs. Secondly, there are skills and expertise within the Service, particularly in Occupational Health, which will provide a solid foundation for improvements. Managers at all levels lack skills in supporting team members consistently and signposting employees to services. We are not alone in considering these challenges. Mind, the mental health charity, has launched a Blue Light programme to support the mental health of emergency services staff across England. We will ask the Fire Authority to sign up to this scheme as a mechanism for developing an action plan and gaining support and resources from Blue Light partners.

Criteria	**Your activity (how will you meet each criterion). Please refer to the Blue Light Time to Change pledge toolkit for examples**	**Timescale**	**Internal lead (include contact details)**	**Performance indicator**
1) Top level senior buy in	Secure support from Essex Fire Authority for the core statement on employee mental health and wellbeing and for signing the Pledge linked to the action plan	September 2015	Director of HR and OD l.stafford-scott@essex-fire.gov.uk	Report is approved

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	Work with Strategic Management Board and Strategic Delivery Board to embed the ethos of the core statement and action plan into day to day business of the Service	September to December 2015	Director of HR and OD l.stafford-scott@essex-fire.gov.uk	Evidence that employee mental health and wellbeing is incorporated into Service Business Plans.
2) Internal communications campaign	Disseminate the core statement and action plan through intranet, briefings and meetings. Coordinate public signing of the pledge.	November 2015	Learning and Development Manager Claire.budgen@essex-fire.gov.uk	Evidence of messages and public signing.
	Develop Blue Light Champions who can challenge stigma and increase understanding of mental health in the emergency services. Develop a package of support and information for them to use and pilot it at a station. Build on the progress achieved to date by the Employee Mental Health and Wellbeing Group.	September 2015 – March 2016	Learning and Development Manager Claire.budgen@essex-fire.gov.uk	Existence of a network of Champions
	Learn from partners across the sector through attending Blue Light Peer Learning Network events and visits to other services.	September 2015 and ongoing	Learning and Development Manager Claire.budgen@essex-fire.gov.uk	Examples of good practices which have been shared and brought in to the Service

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	Continue to meet as the Employee Mental Health and Wellbeing group to provide a forum for discussing ideas, developing initiatives and maintaining dialogue across the service	September 2015 and ongoing	Learning and Development Manager Claire.budgen@essex-fire.gov.uk	Evidence of dialogue and developments
3) Review policy and processes that impact on mental health and wellbeing	Review the Trauma Policy to ensure it meets the needs of staff who are involved in critical incidents. Issue interim guidance to ensure all employees understand the support and facilities currently in place Deliver face to face or on-line policy briefings	September to December 2015	Health and Safety Manager Danny.bruin@essex-fire.gov.uk	Guidance and policy are issued Feedback from employees that they understand the process.
	Develop the existing Stress Risk Assessments into an Employee Mental Health and Wellbeing Policy which takes a proactive stance on building and maintaining resilience and positive mental health whilst also giving guidance on dealing will illness once it has occurred.	December 2015 to March 2016	Occupational Health Manager	Guidance and policy are issued Feedback from employees that they understand the process.

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	Deliver face to face or on-line policy briefings			
4) Create space for people with lived experience of mental health problems to share their stories	Support the Make Some Noise action plan to achieve an environment of trust, honesty, transparency, respect and confidentiality. Reassure people suffering from ill health regarding job security. Encourage people to speak openly about their health history so they may gain support and give confidence to others.	September 2015 and ongoing	Learning and Development Manager Claire.budgen@essex-fire.gov.uk	Evidence of improvements in employee engagement scores resulting from the Make Some Noise action plan. Examples of people being open about their situation and experience.
5) Commit to activity on key dates in the mental health calendar e.g. World Mental Health Day, national Time to Talk Day	Disseminate information on World Mental Health Day and National Time to Talk Day	Ongoing	Head of HR Jenny.dines@essex-fire.gov.uk	Evidence of information being disseminated
	Set up events for these days to actively engage people in discussion and increasing understanding. Work with the Employee Mental health and Wellbeing Group.	Ongoing	Head of HR Jenny.dines@essex-fire.gov.uk	Evidence of taking place and positive feedback from employees.
6) Commit to sending one manager to the free Blue	Indicate your commitment by emailing bluelight@mind.org.uk	September 2015	Learning and Development Manager	At least one manager is signed

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Light Programme free half day face to face training for line managers / shift leaders.	requesting more information. You do not need to confirm who will attend the training at this stage. Requested information 7 August 2015.		Claire.budgen@essex-fire.gov.uk	up for the half day training for managers/shift leaders
	Implement a Wellbeing and Resilience Training package for all employees	September 2015 – September 2016	Learning and Development Manager Claire.budgen@essex-fire.gov.uk	All employees have a basic awareness of how to maintain positive mental health
	Offer access to the Level 3 Award in Mental Health Awareness to give employees with a particular interest in the subject a deeper knowledge and understanding.	September 2015 – September 2016	Learning and Development Manager Claire.budgen@essex-fire.gov.uk	A cross section of employees has deeper knowledge which they are sharing with colleagues.

Who will be signing the pledge on behalf of your organisation?	**Preferred date of your pledge signing**	**Pledge signing occasion (for example, name of the event where you will sign e.g. all staff meeting)**	**Address to which you require your pledge board to be sent once your action plan has been approved**
Chairman Cllr Anthony Hedley			Essex County Fire and Rescue Service Service Headquarters Kelvedon Park, London Road, Rivenhall, Witham, Essex, CM8 3HB

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Your pledge board

Please indicate whether you require

A board with space for one signatory from your service	
A board with space for up to three signatories from your service	

Communications

We would love to tweet about your signing on the day.
If you are happy for us to do so please tick below and provide your twitter handle

Please tweet about our signing on the day	
Twitter handle:	

Next steps

Have you…

- ✓ …completed your action plan table above?

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- ✓ …arranged a date for your signing that is at least 4 weeks away? If you do not have a signing date don't worry. Just submit your plan online and let us know as soon as you have confirmed a date. And please ensure you still give us 4 weeks' notice so that we may send your pledge board in good time.

- ✓ …confirmed the name/s of who is signing the pledge on behalf of your organisation?

- ✓ …arranged a location for the signing?

If the answer to all of the above is yes, please submit this information via the Time to Change website at http://www.time-to-change.org.uk/bluelightpledge

ESSEX FIRE AUTHORITY
Essex County Fire & Rescue Service

MEETING	**Policy & Strategy Committee**	AGENDA ITEM	**10**
MEETING DATE	23 September 2015	REPORT NUMBER	**EFA/080/15**
SUBJECT	**Invest to Save Proposal – Installation of Solar Panels – Closure Report**		
REPORT BY	Finance Director & Treasurer		
PRESENTED BY	Finance Director & Treasurer – Mike Clayton		

SUMMARY

The purpose of this paper is to provide the Committee with a closure report for the Solar Panels project implemented across the Authority's property portfolio. The project was approved in 2013 at an estimated cost of £1.93m and an estimated payback period of 10 years. The final project cost was £1.287m and the current estimated payback period is 13 years.

Recommendations

Members of the Policy & Strategy Committee are asked to note the report.

BACKGROUND

In 2013 the Committee approved the funding and installation of solar photovoltaic (PV) panels across the Authority's property portfolio. It was identified as an opportunity to deliver significant savings and protection against increasing energy costs. Solar PV panels generate electricity from the sun's energy; producing electrical energy for use on site and gaining income from the Feed – in Tariff (FIT) scheme for energy generated. The budget for the project was £1.9m.

Following the approval of the initial 31 locations, an additional 5 properties were identified as suitable for installations. The Authority gained the benefit of keen market pricing and technological improvements allowing an increased total, 36 photovoltaic systems have successfully been installed across the portfolio.

The locations found to be suitable for installations are listed in the table below:

Fire Station	
Basildon Fire Station	**Leaden Roding Fire Station**
Billericay Fire Station	**Loughton Fire Station**
Brentwood Fire Station	**Maldon Fire Station**
Brightlingsea Fire Station	**Manningtree Fire Station**
Burnham-on-Crouch Fire Station	**Newport Fire Station**
Canvey Island Fire Station	**Ongar Fire Station**
Chelmsford Fire Station	**Rochford Fire Station**
Clacton Fire Station	**South Woodham Ferrers Fire Station**
Colchester Fire Station	**Southend-on-Sea Fire Station**
Corringham Fire Station	**Stanstead Fire Station**
Dovercourt Fire Station	**Thaxted Fire Station**
Frinton-on-Sea Fire Station	**Tiptree Fire Station**
Grays Fire Station	**Waltham Abbey Fire Station**
Great Baddow Fire Station	**Weeley Fire Station**
Great Dunmow Fire Station	**West Mersea Fire Station**
Halstead Fire Station	**Wickford Fire Station**
Harlow Fire Station	**Witham Fire Station**
Hawkwell Fire Station	**Wivenhoe Fire Station**

The solar panel project will generate 486,656 kilowatt hours (kWh) of energy per year,

- Enough to power 811 desktop computers, running for 8 hours a day every year.
- Used 2,314 panels which equates to the weight of 10 African elephants.
- Covers an area of 3,795m2¬ – ½ a football pitch.

Early calculations show an average combined income and saving of around £101k and an additional 4% in electricity generation per annum. Figures are FIT and weather related so can vary significantly.

Owing to the underspend on the project and the favourable terms for the FIT payment a further installation will also be completed at Kelvedon Park HQ. The install will provide 11,900kWh worth of generation. This will mean 3% of Headquarters energy costs will be being met from natural energy.

FINANCIAL IMPLICATONS

At a total project cost of £1,287k, the project shows a substantial underspend of 33%. The project was delayed due to the completion of roofing works at Brentwood, Loughton and Harlow, and the disruption to the contract from localised industrial action. This postponement in the project led to an additional £37k in costs; a substantial saving compared to the cost of removing the solar panels to complete the roofing works.

The estimated payback period from the project is currently calculated at 13 years, subject to the FIT scheme. This is 3 years more than the original estimate.

The realisation of benefits from the Project, both in terms of the financial savings and the reduction in electric purchased will continue under the Authority's RADICALE process. This is a process governed by representative staff groups and stakeholders evaluating new technologies that can contribute to resource reductions.

Maintenance and inspection costs will be managed within the existing arrangements for preventative work on gutters and roofs.

RISK MANAGEMENT IMPLICATIONS

Appropriate procedures were taken to minimise the hazards involved in the installation of the solar panels, as highlighted in the construction phase health and safety plan for the project. The solar panels have a 25 year performance warranty achieving 85% efficiency.

LEGAL IMPLICATIONS

The photovoltaic systems fall under the permitted development rights. Each Local Planning Authority was approached for all the installations across the property's portfolio.

ENVIRONMENTAL IMPLICATIONS

Solar PV panels are a renewable energy resource with the potential to provide an infinite energy supply and since the installations to date (17/06/15) 109,766kg of carbon dioxide (CO_2¬) has been prevented from entering into the atmosphere. This is owing to the fact that the production of electricity from the grid uses non – renewable energy resources such as coal, oil and gas, producing CO_2 as a waste product, contributing to the greenhouse effect. The greenhouse effect is a natural process where the sun's energy is absorbed by the atmosphere; however the increase of CO_2 enhances this and contributes to global warming.

The installations across the portfolio will work towards the Authority's long term ambition to reduce the carbon footprint by 30% from the 2006 baseline to the 2020 target. This can be achieved by reducing the electricity consumption obtained from the grid by utilising modern solar PV technology. Initial analysis predicts that this project will contribute to reducing the footprint by 5% after its first year.

The total amount of electricity generated since installation to date (28/08/15) is 318,092kWh which is enough to:

- Boil water for 15.9 million cups of tea.
- Watch television for 3.2 million hours.

The Authority has always supported the idea of a sustainable built environment. Generating such a large volume of our own power utilising today's technology furthers our credentials. We still have the capacity to do more in the future and further benefit from improved generation.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of background documents – including appendices, hardcopy or electronic including any relevant link/s.	
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