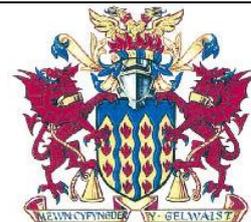


Report to	<b>North Wales Fire and Rescue Authority</b>
Date	<b>17 October 2022</b>
Lead Officer	<b>Dafydd Edwards – Treasurer</b>
Contact Officer	<b>Helen Howard</b>
Subject	<b>Audited Statement of Accounts 2021/22</b>



## PURPOSE OF REPORT

- 1 This report is to present to members the audited Statement of Accounts for 2021/22. This report also presents the findings of the Auditor General for Wales which confirms an unqualified audit opinion.

## EXECUTIVE SUMMARY

- 2 The draft accounts were submitted for audit on 31 May 2022. These confirmed net expenditure of £37.074m, with a contribution to the General Fund of £0.070m. The final audited position remains unchanged.
- 3 During May 2022, Audit Wales provided further guidance on asset valuations due to significant increases in building costs and market conditions. This required detailed assessments of the Authority's land and property valuations to determine if asset valuations required revision. In agreement with Audit Wales, the outcome of this work was incorporated into a revised version prior to the commencement of the audit.
- 4 The effect of these revisions and those identified during audit was to increase the estimated carrying value of the Authority's estate to £43.391m (draft accounts £42.732m).
- 5 The report issued by Audit Wales on behalf of the Auditor General for Wales is set out in Appendix 2 and confirms an unqualified audit opinion.
- 6 The Accounts and Audit (Wales) (Amendment) Regulations 2010 require that the audited accounts are normally approved by Members by 31 July 2022. However, as was the case last year, these timescales have been extended to 30 November 2022 due to ongoing pressures on audit arising from Covid.

## **RECOMMENDATION**

- 7 Members are asked to:
- (i) note the audited outturn position and performance as detailed within the 2021/22 Statement of Accounts (Appendix 1);
  - (ii) note the report of the Auditor General for Wales which confirms an unqualified audit opinion (Appendix 2);
  - (iii) note the proposed letter of representation; and
  - (iv) approve of the final audited 2021/22 Statement of Accounts.

## **BACKGROUND**

- 8 In compliance with the Accounts and Audit (Wales) (Amendment) Regulations 2010, the Authority has produced a statement of accounts which were presented to the Authority at its meeting of the 20 June 2022. These have been subject to external audit and the appendices contain the final audited versions.

## **INFORMATION**

### **REVENUE EXPENDITURE**

- 9 Members of the Authority were presented with a financial performance report for 2021/22 at the Fire and Rescue Authority meeting on 20 June 2022. This confirmed the draft outturn position of net expenditure of £37.004m, with a contribution to the General Fund of £0.070m. The final audited position remains unchanged.

### **BALANCE SHEET**

- 10 The Balance Sheet provides further information on the Authority's long-term financial position and is contained on page 19 of the Accounts (set out in Appendix 1). The following paragraphs provide further information.

#### **Fixed assets and borrowing**

- 11 The final audited accounts confirmed that the Authority held assets of £43.391m as at 31 March 2022 (Draft Accounts: £42.732m).
- 12 Following the submission of the draft accounts, further work was undertaken in relation to land and buildings. In agreement with Audit Wales, a revised version of the accounts was submitted prior to the audit commencing.
- 13 The Authority's independent valuers had highlighted ongoing uncertainty in relation to asset values across the public sector and following guidance from Audit Wales, a further valuation has been completed, based on the valuer's market review report.

- 14 As part of the revaluation process, a further audit adjustment was identified in relation to the valuation of the Fleet Workshop and Stores, due to the building being incorrectly classified by the valuer. A revised valuation was completed by the Authority's valuer and the adjustments have been actioned.
- 15 Work is ongoing with the valuer to ensure that future valuations reflect all buildings on each site, as the audit also identified that a number of training towers had been omitted. Without undertaking further revaluations, it is not possible to determine the value of these although based on estimates provided the auditor is satisfied that the impact is not material. Work will be undertaken during the 2022/23 financial year to review and revise all valuations as appropriate.
- 16 The Authority is permitted to borrow to fund capital assets and as at 31 March 2022 the value of outstanding loans was £24.435m, which is in line with the limits set by the Authority.

### **Pension Liabilities**

- 17 The Authority is required to account for the estimated liabilities relating to its pension schemes. The Authority has two schemes; the Firefighters' Pension Scheme and the Local Government Pension Scheme. The value of future liabilities is calculated by the actuary for each scheme and amounted to £327.498m at the balance sheet date. These liabilities are estimated and accounted for in accordance with the technical accounting requirements and do not represent an immediate obligation.

### **Usable reserves**

- 18 The Authority's usable reserves as at 31 March 2022 were £7.325m which included £1.520m of general fund reserves, £5.566m of earmarked reserves and £0.238m of capital grant unapplied. The reserves policy was approved by the Authority at its meeting of 21 June 2021.
- 19 The earmarked reserves have been adjusted by £0.146m, in relation to a Welsh Government grant which has now been classified as an unapplied capital grant.

## **AUDIT OF THE FINANCIAL STATEMENTS**

- 20 The Auditor General for Wales is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial performance and position of the Authority for the year ended 31 March 2022.

- 21 In performing the audit work, Audit Wales does not seek to provide absolute assurance but considers whether there are any material issues which may result in a reader of the accounts being misled. When an error or misstatement is identified Audit Wales will consider whether an amendment is required. Guidance on the approach is set out in Appendix 3.
- 22 The Auditor General for Wales proposes to issue an unqualified audit opinion which means that the accounts present a true and fair view of the financial transactions of the Authority. The report is contained within Appendix 2 and the following is noted:
- The audit report recognised the progress made in previous years to improve the quality of the financial statements. However, additional work is required to further enhance the quality assurance arrangements to reduce the number of audit adjustments.
  - The audit identified a number of amendments which were agreed with management. The amendments included a number of technical adjustments necessary to fully comply with the Code of Practice on Local Authority Accounting.
- 23 The audit identified two matters which remained uncorrected. The first item related to a single payment of £ 0.958m to Clwyd Pension Fund to address the deficit for the period 2021/22 through to 2023/24. In making a lump sum payment the Authority took advantage of reduced costs over the three-year period and apportioned the payment over the relevant period. The second item related to the omission, by the valuer, of a number of training towers, from the valuations of the buildings. The estimated value of the towers is £0.586m.
- 24 The Audit Report also contained the final letter of representation. This letter provides representation from the Chair and Treasurer to acknowledge their responsibilities and to confirm the arrangements for ensuring that the accounts provide a true and fair view.

## IMPLICATIONS

<b>Wellbeing Objectives</b>	This report links to NWFRA's long-term well-being objectives. Funding for the Service benefits the communities of North Wales and ensures there is sufficient investment in infrastructure to enable the service to provide emergency responses and prevention work well in to the future.
<b>Budget</b>	Budget is set annually in accordance with the proposed service delivery which includes emergency response and prevention work. The accounts provide an analysis against the budget.
<b>Legal</b>	It is a legal requirement that the Authority produces the Statement of Accounts and Annual Governance Statement in accordance with the prescribed standards.
<b>Staffing</b>	None
<b>Equalities/Human Rights/Welsh Language</b>	None
<b>Risks</b>	Income and expenditure is closely monitored to ensure that deviations from the approved budget are properly identified and reported to Members.

# North Wales Fire and Rescue Authority Statement of Accounts 2021/22



## Table of Contents

	Page No.
Statement of Responsibilities / Certificate of the Treasurer	4
Audit Report	5-8
Narrative Report	9-16
<b>Core Statements:</b>	
Comprehensive Income and Expenditure Statement	17
Movement in Reserves Statement	18-19
Balance Sheet	20
Cash Flow Statement	21
<b>Notes to the Financial Statements</b>	
Note 1 Critical Judgements in Applying Accounting Policies	22
Note 2 Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty	22-23
Note 3 Material Items of Income and Expense	24
Note 4 Events after Balance Sheet Date	24
Note 5 Expenditure and Funding Analysis	25-27
Note 6 Adjustments between Accounting and Funding Basis Under Regulation	27-29
Note 7 Transfer to and from Earmarked Reserves	30
Note 8 Other Operating Expenditure and Income	30
Note 9 Financing and Investment Income and Expenditure	30
Note 10 Taxation and Non-Specific Grant Income	30
Note 11 Property Plant and Equipment and Intangible Assets	31-32
Note 12 Financial Instruments	33-35
Note 13 Fair Value of Assets and Liabilities Carried at Amortised cost	35
Note 14 Inventories	36
Note 15 Debtors	36
Note 16 Cash and Cash Equivalents	36
Note 17 Creditors	36
Note 18 Provisions	37
Note 19 Usable Reserves	37-38
Note 20 Unusable Reserves	38-41
Notes 21- 23 Cash Flow Statement–Operating, Investing and Financing Activity	42
Note 24 Members' Allowances	43
Note 25 Officers' Remuneration	44-46
Note 26 External Audit Costs	47
Note 27 Grants	47
Note 28 Agency Services	47
Note 29 Related Parties	48-49

Note 30 Capital Expenditure and Financing	50
Note 31 Leases	51
Note 32 Transactions Relating to Post-employment Benefits	52-58
Note 33 Nature and Extent of Risk Arising from Financial Instruments	59
Note 34 Contingent Liability	60
Note 35 Contingent Assets	60
Note 36 Accounting Standard that have been issued but not yet adopted	61
Firefighters' Pension Fund Account	62-64
Accounting Policies	65-73
Annual Governance Statement	

**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 Treasurer.
- to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.
- to approve the Statement of Accounts.

**AUTHORITY'S CERTIFICATE**

I approve the Statement of Accounts of North Wales Fire and Rescue Authority as at 31 March 2022.

Signed: \_\_\_\_\_ Dated: \_\_\_\_\_

***Chairman, North Wales Fire and Rescue Authority***

**THE TREASURER'S RESPONSIBILITIES**

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

In preparing the Statement of Accounts, the Treasurer has:

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

**TREASURER'S CERTIFICATE**

I certify that the accounts provide a true and fair view of the financial position of the Authority as at 31 March 2022 and its income and expenditure for the year then ended.

Signed:  \_\_\_\_\_ Dated: 31/05/2022

**Dafydd L. Edwards, Treasurer.**  
***North Wales Fire and Rescue Authority***

# Independent auditor's report of the Auditor General for Wales to the members of North Wales Fire and Rescue Authority

## Opinion on financial statements

I have audited the financial statements of:

- North Wales Fire and Rescue Authority
- North Wales Fire and Rescue Authority's Firefighters Pension Fund

for the year ended 31 March 2022 under the Public Audit (Wales) Act 2004.

North Wales Fire and Rescue Authority's financial statements comprise the Expenditure and Funding Analysis, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement and the related notes, including a summary of significant accounting policies.

The Firefighters Pension Fund Accounts comprise the Fund Account and Net Assets Statement and related notes.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

In my opinion the financial statements:

- give a true and fair view of the financial position of North Wales Fire and Rescue Authority and the North Wales Fire and Rescue Authority's Firefighters Pension Fund as at 31 March 2022 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

## Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of North Wales Fire and Rescue Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on North Wales Fire and Rescue Authority and North Wales Fire and Rescue Authority's Firefighters Pension Fund's ability to

continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

### **Other Information**

The other information comprises the information included in the Statement of Accounts other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **Report on other requirements**

#### **Opinion on other matters**

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

#### **Matters on which I report by exception**

In the light of the knowledge and understanding of North Wales Fire and Rescue Authority and the North Wales Fire and Rescue Authority's Firefighters Pension Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

## **Responsibilities**

### **Responsibilities of the responsible financial officer for the financial statements**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the North Wales Fire and Rescue Authority and the North Wales Fire and Rescue Authority's Firefighters Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the North Wales Fire and Rescue Authority's Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to North Wales Fire and Rescue Authority and North Wales Fire and Rescue Authority's Firefighters Pension Fund's policies and procedures concerned with:
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud by posting of unusual journals;
- Obtaining an understanding of the legal and regulatory frameworks North Wales Fire and Rescue Authority and North Wales Fire and Rescue Authority's Firefighters Pension Fund operate in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of North Wales Fire and Rescue Authority and North Wales Fire and Rescue Authority's Firefighter's Pension Fund.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Fire and Rescue Authority about actual and potential litigation and claims;

- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the North Wales Fire and Rescue Authority and North Wales Fire and Rescue Authority's Firefighter's Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

#### **Certificate of completion of audit**

I certify that I have completed the audit of the accounts of North Wales Fire and Rescue Authority and North Wales Fire and Rescue Authority's Firefighters Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton  
Auditor General for Wales

2022

24 Cathedral Road  
Cardiff  
CF11 9LJ

## NARRATIVE REPORT

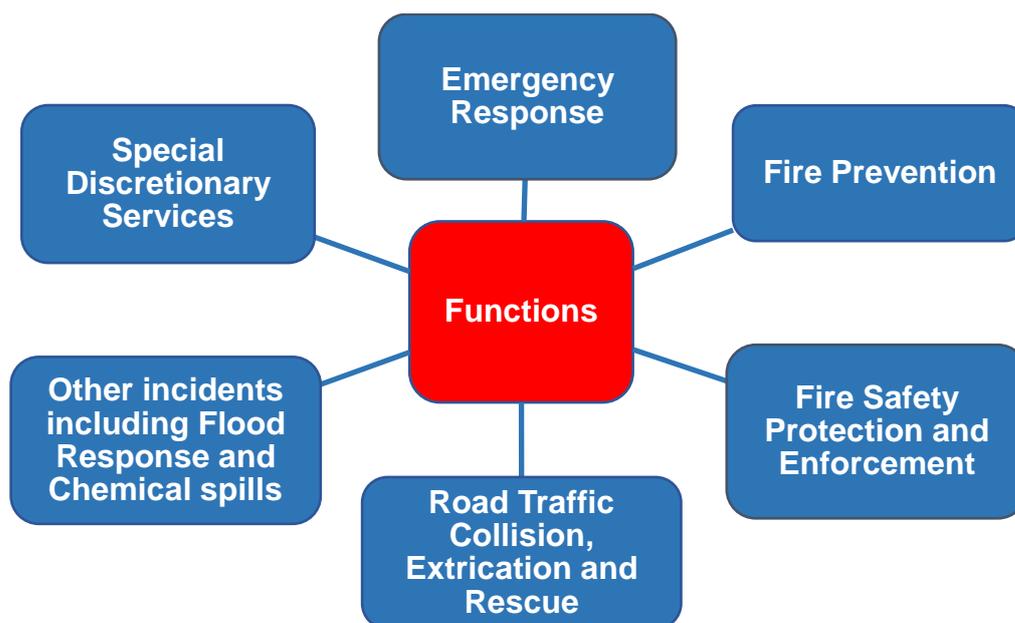
The purpose of the narrative report is to offer interested parties clear information about the financial position and the financial performance of the North Wales Fire and Rescue Authority for the financial year 2021/22.

## ORGANISATION OVERVIEW

The North Wales Fire and Rescue Authority (NWFRA) is made up of 28 Elected Members nominated by each of the six local authorities and provides direction and governance for the day to day activities delivered by North Wales Fire and Rescue Service (NWFRS).

NWFRS serves the communities within the counties of Gwynedd and Ynys Môn, Conwy and Denbighshire and Wrexham and Flintshire.

NWFRA is responsible for providing adequate resources to enable the Fire and Rescue Service to undertake a range of activities as detailed below.



The Service deals with a wide-range of emergencies, from house fires and road traffic collisions, to floods and chemical spills. Extensive work is carried out with schools, businesses and local communities to promote fire safety and prevention and to help keep people and property safe.

The Authority is financed by contributions from the six constituent authorities, in proportion to population for each authority.

Details of our service area, funding and activities can be found on the following pages.

# About Our Service Area



## Resources



**44** fire stations across North Wales



**66** fire appliances



**39** special appliances including rescue boats and aerial ladder platforms



**3** Community Safety Offices in Caernarfon, Colwyn Bay and Bangor



**877** staff

## Engagement Activities



Virtual engagement with **8,297** school children



**64** pupils engaged with the Phoenix programme



**4** Fire cadet groups supporting around **40** cadets



Member of the Regional Partnership Board and **4** Public Service Boards

## Key Activities



**14,036** Safe and Well checks completed



**334** Business audits conducted



**1,879** Attendances at fires



**2,517** False alarms



**958** Special Service calls including **207** Road Traffic Collisions

## THE AUTHORITY'S IMPROVEMENT AND WELLBEING OBJECTIVES

Fire and Rescue Authorities in Wales are required to publish improvement objectives in accordance with the Local Government (Wales) Measure 2009, and well-being objectives in accordance with the Well-being of Future Generations (Wales) Act 2015. For the purposes of the Authority's planning processes these are treated as one and the same.

These long-term objectives are changes that the Authority wants to help bring about in North Wales that will contribute to improving local well-being and to moving Wales closer to achieving its well-being goals. Having identified these long-term objectives, the Authority has a duty to take all reasonable steps to pursue them and to report publicly after the end of each financial year on the progress it has made.

In March 2021 the Authority published its Corporate Plan for 2021/24 with a set of seven long-term objectives:

- Work towards making improvements to the health, safety and well-being of people in North Wales
- Continue to work collaboratively to help communities improve their resilience
- Operate as effectively and efficiently as possible, making the best use of the resources available
- Continue to identify opportunities to encourage greater engagement with people, communities, staff and stakeholders
- Maintain a suitably resilient, skilled, professional and flexible workforce
- Develop ways of becoming more environmentally conscious in order to minimise the impact of our activity on the environment
- Ensure that social value and sustainability are considered, including during procurement processes

The following link provides information relating to North Wales Fire and Rescue Service activity and performance against improvement objectives over the last twelve months-[Information and statistics - Performance and improvement - About Us - North Wales Fire And Rescue Service \(gov.wales\)](#)

The statutory deadline for publishing an Annual Performance Assessment is 30<sup>th</sup> September 2022. The Annual Performance Assessment will be available on the website at [Corporate Planning - Performance and improvement - About Us - North Wales Fire And Rescue Service \(gov.wales\)](#)

## FINANCIAL PERFORMANCE

North Wales Fire and Rescue Authority is committed to continuing to provide excellent prevention services, fire safety prevention and enforcement services and a comprehensive emergency response. The Authority remains committed to playing its part in building stronger and safer communities, but also acknowledges that for the

future the financial situation means that being able to sustain service delivery will require a great deal of flexibility and innovation.

In order to secure financial sustainability for the Authority and maintain service levels, Members agreed a 3 year medium term financial strategy. Members agreed for 2021/22 to increase the contributions from the constituent authorities by 3%, to £37.07m.

The new Chief Fire Officer took up post on 1<sup>st</sup> July 2021 and undertook a series of meetings internally with staff, representatives of the Fire Brigades Union, other emergency service leaders as well as local Authority Chief Executives. This work culminated in a presentation to members of the Authority on 20 September 2021 to discuss the situational assessment. This confirmed that the key challenges facing the Authority are maintaining sufficient availability of on-call fire crews; ensuring sufficient resources to maintain and develop firefighter skills; and having enough corporate capacity to meet current and future demand. This assessment has informed future funding requirements.

The Authority's position over the medium term is sound, but careful attention will need to be paid to cost pressures relating to pension and payroll costs and also anticipated changes to the funding mechanism that is used, by the Welsh Government, for Fire and Rescue Authorities.

## **IMPACT OF THE CURRENT ECONOMIC CRISIS**

In common with all public sector bodies, the Authority has experienced significant challenges arising from the COVID-19 pandemic, particularly during the first half of the year.

A number of measures were taken to ensure the safety of our workforce which included, where possible, working from home and on occasions delaying recruitment to vacant posts. Therefore, actual expenditure was less than the planned budget in a number of areas which enabled the Authority to establish reserves for known liabilities. All of the vacant posts remain critical to achieving the Service objectives and recruitment will continue to progress during 2022/23.

During the year, budgets have been impacted by significant increases in the cost of goods. This has particularly impacted on the costs of building works and fuel. Moving forward there we will also see an unprecedented increase in the gas and electricity prices. Departments continue to monitor the impact of the economic situation recognising that changes on both revenue and capital may materialise over the coming months and years.

## REVENUE PERFORMANCE (£m)

Constituent Authority Contributions 37.074	Revenue Grants 2.627	Interest Received 0.002	Other income including fees and charges 0.412
↓			↓
Available Funding			40.115
↓			↓
Employee Costs 26.916	Running Expenses 8.449	Capital Financing 2.306	Contribution to Earmarked Reserves 2.374
↓			↓
Amount Spent			40.045
↓			
Contribution To General Fund			0.070

## PROVISIONS AND RESERVES

The Authority has made provision for known liabilities and established reserves for future liabilities or earmarked for future service developments. Reserves have been increased in 2021/22, to cover ongoing service requirements including system improvements, environmental building works and implementing additional staff training to conform to legislation. £0.5m of reserves were utilised in 2021/22 but it is envisaged that there will be further use in future years. Further information is available in Note 18 and Note 19.

## CAPITAL PERFORMANCE

The original capital programme was revised in year to take account of the restrictions relating to the Covid 19 pandemic. This was most marked within building works where delays continued to be experienced. The schemes are now progressing and the funding has been rolled over into 2022/23 for the work to complete.

		<b>Original Capital Plan £m</b>	<b>Revised Capital Plan £m</b>	<b>Expenditure  £m</b>	<b>Rollover of funding  £m</b>
Fleet	Replacement vehicles and appliances	2.028	2.099	1.176	923
Facilities	Building upgrades	790	120	0	120
Information Technology	System upgrades and associated works	167	167	0	167
	<b>Total</b>	<b>2.985</b>	<b>2.386</b>	<b>1.176</b>	<b>1.210</b>

## TREASURY MANAGEMENT

An annual treasury report detailing the financial activity for the year is presented to the Fire Authority and made available on the website at [North Wales Fire And Rescue Service \(gov.wales\)](https://www.northwalesfireandrescue.gov.wales).

## PENSION COSTS

### Firefighters' Pension Scheme

During 2021/22 employer normal contributions to the Pension Fund amounted to £3.19m (2020/21: £3.17m). During this period 5 whole time uniformed staff and 5 retained duty system staff retired.

The scheme is unfunded and the liability in terms of future pension commitments has decreased to £312.95m (2020/21: £318.75m). This was due to a change in the actuarial assumptions.

### Local Government Pension Scheme

In 2021/22, employer contributions to the Pension Fund amounted to £0.92m (2020/21: £1.82m).

The actuarially assessed liability as at 31 March 2022 was £14.55m (2021/22: £18.57m). The decrease was due to a change in actuarial assumptions used to re-measure the schemes liabilities.

Note 32 and the Firefighter's Pension Fund Account provide further information.

## EXPLANATION OF ACCOUNTING STATEMENTS

The Statement of Accounts summarises the financial performance of the Authority for year ended 31 March 2022. These accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom published by the Chartered Institute of Public Finance and Accountancy (CIPFA) which in turn is underpinned by International Financial Reporting Standards.

The **Core Statements** are:

- The **Comprehensive Income and Expenditure Statement** – this records all of the Authority’s income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding.
- The **Movement in Reserves Statement** is a summary of the changes to the Authority’s reserves over the course of the year. Reserves are divided into “useable”, which can be invested in capital projects or service improvements, and “unusable” which must be set aside for specific legal or accounting purposes.
- The **Balance Sheet** is a “snapshot” of the Authority’s assets, liabilities, cash balances and reserves at the year-end date.
- The **Cash Flow Statement** shows the reason for changes in the Authority’s cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long term liabilities).
- **The Pension Fund Account** which shows the movements relating to the Firefighters’ Pension Fund.

The **Notes** to these financial statements provide further detail about the Authority’s accounting policies and individual transactions.

## FURTHER INFORMATION

Additional information about these accounts is available from the Treasurer. Interested members of the public have a statutory right to inspect the accounts before the audit is completed. Availability of the accounts for inspection is advertised on the website for North Wales Fire and Rescue Authority (<https://www.northwalesfire.gov.wales/fire-and-rescue-authority/financial/>) and a notice is displayed in the Fire and Rescue Service Headquarters, Ffordd Salesbury, St Asaph, LL17 0JJ.

## COMPREHENSIVE INCOME and EXPENDITURE ACCOUNT

This statement shows the accounting cost in the year of providing services in accordance with GAAP, rather than the amount to be funded from contributions. The Authority's expenditure is funded by contributions from the six Local Authorities in North Wales in accordance with regulations; this may be different from the accounting cost. The contribution position is shown in the Movement in Reserves Statement.

2020/21				2021/22			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Note	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
25,479	0	25,479			32,491	0	32,491
2,641	0	2,641			2,578	0	2,578
924	0	924			1,034	0	1,034
5,053	0	5,053			4,197	0	4,197
603	0	603			639	0	639
4,950	0	4,950			(279)	0	(279)
0	(2,664)	(2,664)			0	(2,918)	(2,918)
<b>39,650</b>	<b>(2,664)</b>	<b>36,986</b>			<b>40,660</b>	<b>(2,918)</b>	<b>37,742</b>
41		41		8	(15)	0	(15)
7,394	(2)	7,392		9	7,085	(2)	7,083
0	(35,942)	(35,942)		10	0	(37,074)	(37,074)
		<b>8,477</b>					<b>7,736</b>
678	0	678		20	0	(2,162)	(2,162)
		17,947		20			(22,167)
		<b>18,625</b>					<b>(24,329)</b>
		<b>27,102</b>					<b>(16,593)</b>

## MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce contributions from the Constituent Authorities) 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 which is funded by contributions from the six Constituent Authorities.

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.

2021/22	Note	General Fund Balance £'000	Earmarked and Grant Reserves £'000	Capital Grants Unapplied £'000	Earmarked Capital Reserves £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
<b>Balance at 31 March 2021</b>		1,450	3,462	0		4,912	(327,022)	(322,110)
<b>Movement in Reserves during 2021/2022</b>								
Surplus or (Deficit) on the Provision of Services		(7,736)	0	0		(7,736)	0	(7,736)
Other Comprehensive Income & Expenditure		0	0	0		0	24,329	24,329
<b>Total Comprehensive Income &amp; Expenditure</b>		<b>(7,736)</b>	<b>0</b>	<b>0</b>		<b>(7,736)</b>	<b>24,329</b>	<b>16,593</b>
Adjustments between accounting basis & funding basis under regulations	6	10,059	0	238	(148)	10,149	(10,149)	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>		<b>2,323</b>	<b>0</b>	<b>238</b>	<b>(148)</b>	<b>2,413</b>	<b>14,180</b>	<b>16,593</b>
Adjustments		0	0	0		0	0	0
Other Transfers to/(from) Earmarked Reserves		(2,253)	2,105	0	148	0	0	0
<b>Increase/(Decrease) in 2021/22</b>	7	<b>70</b>	<b>2,105</b>	<b>238</b>	<b>0</b>	<b>2,413</b>	<b>14,180</b>	<b>16,593</b>
<b>Balance as at 31 March 2022</b>		<b>1,520</b>	<b>5,567</b>	<b>238</b>	<b>0</b>	<b>7,325</b>	<b>(312,842)</b>	<b>(305,517)</b>

## MOVEMENT IN RESERVES STATEMENT

2020/21	Note	General Fund Balance £'000	Earmarked and Grant Reserves £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
<b>Balance at 31 March 2020</b>		1,387	1,820	0	3,207	(298,215)	(295,008)
<b>Movement in Reserves during 2020/2021</b>							
Surplus or (Deficit) on the Provision of Services		(8,477)	0	0	(8,477)	0	(8,477)
Other Comprehensive Income & Expenditure		0	0	0	0	(18,625)	(18,625)
<b>Total Comprehensive Income &amp; Expenditure</b>		<b>(8,477)</b>	<b>0</b>	<b>0</b>	<b>(8,477)</b>	<b>(18,625)</b>	<b>(27,102)</b>
Adjustments between accounting basis & funding basis under regulations	6	10,182	0	0	10,182	(10,182)	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>		1,705	0	0	1,705	(28,807)	(27,102)
Adjustment		0	0	0	0	0	0
Other Transfers to/(from) Earmarked Reserves		(1,642)	1,642	0	0	0	0
<b>Increase/(Decrease) in 2020/21</b>	7	<b>63</b>	<b>1,642</b>	<b>0</b>	<b>1,705</b>	<b>(28,807)</b>	<b>(27,102)</b>
<b>Balance as at 31 March 2021</b>		<b>1,450</b>	<b>3,462</b>	<b>0</b>	<b>4,912</b>	<b>(327,022)</b>	<b>(322,110)</b>

## BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves 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'.

31 March 2021 £'000		Note	31 March 2022 £'000
39,537	Property, Plant & Equipment	11	43,165
477	Intangible Assets	11	226
376	Long Term Debtors	15	33
<b>40,390</b>	<b>Long Term Assets</b>		<b>43,424</b>
566	Inventories	14	601
2,647	Short Term Debtors	15	3,732
0	Assets Held For Sale	11	0
1,528	Cash & Cash Equivalents	16	2,532
<b>4,741</b>	<b>Current Assets</b>		<b>6,865</b>
16,774	Short Term Borrowing	12	13,763
426	Provisions	18	602
3,148	Short Term Creditors	17	3,047
<b>20,348</b>	<b>Current Liabilities</b>		<b>17,412</b>
337,323	Pension Liability	33	327,498
135	Long Term Provisions	18	135
9,435	Long Term Borrowing	12	10,761
<b>346,893</b>	<b>Long Term Liabilities</b>		<b>338,394</b>
<b>(322,110)</b>	<b>Net Assets</b>		<b>(305,517)</b>
4,912	Usable Reserves	19	7,325
(327,022)	Unusable Reserves	20	(312,842)
<b>(322,110)</b>	<b>Total Reserves</b>		<b>(305,517)</b>

## CASH FLOW STATEMENT

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

2020/21 £'000		Note	2021/2022 £'000
8,477	<b>Net (Surplus)/Deficit on the Provision of Services</b>		7,736
(13,113)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements	21	(11,437)
(378)	Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	21	(303)
(5,014)	Net Cash Flows From Operating Activities	21	(4,004)
0	Investing Activities	22	1,013
5,257	Financing Activities	23	1,987
243	Net (Increase) or Decrease in Cash and Cash Equivalents		(1,004)
<b>(1,771)</b>	<b>Cash and Cash Equivalents at the beginning of the reporting period</b>		<b>(1,528)</b>
<b>(1,528)</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	16	<b>(2,532)</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

The notes present information about the basis of preparation of the financial statements and the specific accounting policies used. They provide information not presented elsewhere in the financial statements and are relevant to an understanding of the accounts.

### **1 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In applying the accounting policies set out in Appendix 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgement in the Statement of Accounts is due to the high degree of uncertainty about future levels of funding for Local Government. However the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of the need to reduce levels of service provision.

### **2 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION AND UNCERTAINTY**

The statement of accounts contains estimated figures that are based on assumptions made by the authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. The assumptions and other sources of estimation uncertainty disclosed below relate to the difficult, subjective or complex judgements. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex. As a result, balances cannot be determined with certainty and actual results could be materially different from the assumptions and estimates.

The main items in the Authority's Balance Sheet at 31 March 2022, for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and, for the Local Government Pension Scheme, the expected return on pension fund assets.</p> <p>An assessment of the liabilities is provided by the government actuary department. Further information is provided within the pension fund account.</p>	<p>Relatively small changes in the assumptions made can have a significant impact on the pension net liability.</p> <p>The pension net liability shown in the balance sheet will only become payable over the retirement period of current and retired employees, so adjustments to the liability can be spread over a number of years through changes in employee and employer contributions. Increases in employer contributions have a direct impact on the budget.</p>
Property Valuations	<p>The Authority revalue its assets every 5 years. Due to material fluctuations within the market an additional revaluation exercise was undertaken within 2021/22. It is possible that property values could continue to fluctuate especially during times of economic uncertainty. Valuations are based on assumptions about asset conditions, useful lives, residual values and market conditions.</p> <p>These judgements are underpinned by the best available information and made by qualified valuers but are still based on estimates.</p> <p>The impact of Brexit, the Pandemic and more recently the implications brought about by the war in Ukraine is creating a volatile market position. This is being kept under review to determine whether the valuation cycle needs amending.</p>	<p>A fluctuation in property values would impact on the values held in the Balance Sheet and on the corresponding depreciation charge.</p>

### **3 MATERIAL ITEMS OF INCOME AND EXPENSE**

Due to changes in actuarial assumptions the total net liability on the Firefighters Pension Scheme and Local Government Pension Scheme have decreased by £9.8m.

This is mainly due to the changes associated with the re-measurement of the net defined benefit assets / liability.

### **4 EVENTS AFTER THE REPORTING PERIOD**

The Statement of Accounts have been authorised for issue by the Treasurer to the Fire and Rescue Authority on the 17th October 2022. Events taking place after this date are not reflected in the financial statements or notes.

Where events taking place before this date provided information about conditions existing at 31st March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## 5 EXPENDITURE AND FUNDING ANALYSIS

The statement shows how annual expenditure is used and funded from resources (grants, contributions etc.) by local authorities compared to resources consumed or earned by authorities in accordance with generally accepted accounting practices.

It also shows how this expenditure is allocated for decision making purposes according to the type of expenditure incurred.

Income and Expenditure accounted for under generally accepted accounting practices (GAAP) is presented more fully in the CIES.

2020/21				2021/22		
Net Expenditure Chargeable to the General Fund £'000	Adjustments Between the Funding and Accounting basis £'000	Net Expenditure in the Comprehensive Income & Exp Statement £'000		Net Expenditure Chargeable to the General Fund £'000	Adjustments Between the funding and Accounting basis £'000	Net Expenditure in the Comprehensive Income & Exp Statement £'000
25,198	281	25,479	Employees	26,917	5,574	32,491
2,641	0	2,641	Premises	2,578	0	2,578
924	0	924	Transport	1,034	0	1,034
5,053	0	5,053	Supplies & Services	4,197	0	4,197
603	0	603	Support Services	639	0	639
2,484	2,466	4,950	Capital Financing Costs	2,306	(2,585)	(279)
(2,666)	2	(2,664)	Income	(2,920)	2	(2,918)
<b>34,237</b>	<b>2,749</b>	<b>36,986</b>	<b>Net Cost of Service</b>	<b>34,751</b>	<b>2,991</b>	<b>37,742</b>
			<b>Other Income &amp; Expenditure</b>			
0	7,433	7,433	Other Income & Expenditure Adjustments	0	7,068	7,068
(35,942)	0	(35,942)	Taxation and Non Specific Grant Income	(37,074)	0	(37,074)
<b>(1,705)</b>	<b>10,182</b>	<b>8,477</b>	<b>Deficit or (Surplus) on Provision of Services</b>	<b>(2,323)</b>	<b>10,059</b>	<b>7,736</b>
		(1,387)	Opening General Fund Balance			(1,450)
		(63)	(Surplus)/Deficit on General Fund Balance in Year			(70)
		0	Other Movements Not included above i.e.			0
		<b>(1,450)</b>	Earmarked Reserves			0
			<b>Closing General Fund Balance</b>			<b>(1,520)</b>

## Notes to the Expenditure and Funding Analysis

	2021/22			
	Adjustment for Capital Purposes £'000	Net Change for the Pension Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Employees	0	5,562	12	5,574
Supplies & Services	0	0	0	0
Capital Financing Costs	(2,585)	0	0	(2,585)
Income	0	0	2	2
<b>Net Cost of Service</b>	<b>(2,585)</b>	<b>5,562</b>	<b>14</b>	<b>2,991</b>
<b>Other Income &amp; Expenditure</b>				
Other Income & Expenditure Adjustments	(15)	6,780	303	7,068
<b>Difference between General Fund Surplus or deficit and CIES Surplus or deficit on the provision of services</b>	<b>(2,600)</b>	<b>12,342</b>	<b>317</b>	<b>10,059</b>

	2020/21			
	Adjustment for Capital Purposes £'000	Net Change for the Pension Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Employees	0	244	37	281
Supplies & Services	0	0	0	0
Capital Financing Costs	2,466	0	0	2,466
Income	0	0	2	2
<b>Net Cost of Service</b>	<b>2,466</b>	<b>244</b>	<b>39</b>	<b>2,749</b>
<b>Other Income &amp; Expenditure</b>				
Other Income & Expenditure Adjustments	41	7,014	378	7,433
<b>Difference between General Fund Surplus or deficit and CIES Surplus or deficit on the provision of services</b>	<b>2,507</b>	<b>7,258</b>	<b>417</b>	<b>10,182</b>

**Reconciliation of Service Income and Expenditure presented in the Management Accounts to Cost of Services in the Comprehensive Income and Expenditure Statement.**

This reconciliation shows how the figures in the Expenditure and Funding Analysis Statement relate to the amounts included in the Comprehensive Income and Expenditure Statement.

2020/21 £'000			2021/22 £'000	
	34,237	Net Expenditure in the Service Analysis		34,751
		<b>Amounts in the Comprehensive Income &amp; Expenditure Statement not reported to management in the Analysis</b>		
2,477		Depreciation	2,101	
0		Government Grant Released	(238)	
244		IAS 19 – Pensions Adjustment (Note 32)	5,562	
2,473		Impairment / Reversal of Impairment	(2,206)	
0		Prior Year Adjustment of Land & Buildings	64	
37	5,231	Accumulated Absences	12	5,295
		<b>Amounts included in the Analysis not included in the Comprehensive Income &amp; Expenditure Statement</b>		
(2,104)		Debt Repayment (MRP)	(2,001)	
(380)		Interest Paid	(305)	
2	(2,482)	Interest Received	2	(2,304)
	<b>36,986</b>	<b>Cost of Services in the Comprehensive Income &amp; Expenditure Statement</b>		<b>37,742</b>

**6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION**

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.

2021/22	Useable Reserves				Unusable Reserves
	General Fund Balance £'000	Capital Grants Unapplied £'000	Earmarked Capital Reserves £'000	Total Usable Reserves £'000	Movement in Unusable Reserves £'000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>					
<b>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement:</b>					
Charges for depreciation and impairment of non-current assets	2,101	0	0	2,101	(2,101)
Prior Year Adjustment on Land & Buildings	64	0	0	64	(64)
Revaluation losses/Gains on Property, Plant and Equipment	(2,206)	0	0	(2,206)	2,206
Gain on Disposal	(15)	0	0	(15)	15
Capital expenditure financed from revenue/earmarked reserve balances	0	0	(148)	(148)	148
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>					
Statutory provision for the financing of capital investment	(2,001)	0	0	(2,001)	2,001
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0	0
<b>Adjustment primarily involving the Pensions Reserve</b>					
Employer's pensions contributions and direct payments to pensioners payable in the year	(8,830)	0	0	(8,830)	8,830
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 20)	21,172	0	0	21,172	(21,172)
<b>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement:</b>					
Adjustment to Grants reserve	(238)	238	0	0	0
<b>Adjustment primarily involving the Accumulated Absences Account:</b>					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	12	0		12	(12)
<b>Total Adjustments</b>	<b>10,059</b>	<b>238</b>	<b>(148)</b>	<b>10,149</b>	<b>(10,149)</b>

2020/21	Useable Reserves			Unusable Reserves
	General Fund Balance £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Movement in Unusable Reserves £'000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<b>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement:</b>				
Charges for depreciation and impairment of non-current assets	2,477	0	2,477	(2,477)
Revaluation (losses)/Gains on Property, Plant and Equipment	2,473	0	2,473	(2,473)
Loss on Disposal	41	0	41	(41)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Statutory provision for the financing of capital investment	(2,104)	0	(2,104)	2,104
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	0	0
<b>Adjustment primarily involving the Pensions Reserve</b>				
Employer's pensions contributions and direct payments to pensioners payable in the year	(9,837)	0	(9,837)	9,837
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 20)	17,095	0	17,095	(17,095)
<b>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement:</b>				
Adjustment to Grants reserve	0	0	0	0
<b>Adjustment primarily involving the Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	37	0	37	(37)
<b>Total Adjustments</b>	<b>10,182</b>	<b>0</b>	<b>10,182</b>	<b>(10,182)</b>

## 7 MOVEMENTS IN EARMARKED RESERVES

This note sets out the transfers to and from reserves as from the 1 April 2020.

	<b>Balance 01-Apr-20 £'000</b>	Transfers out 2020/21 £'000	Transfers In 2020/21 £'000	<b>Balance 31-Mar-21 £'000</b>	Transfers out 2021/22 £'000	Transfers In 2021/22 £'000	<b>Balance 31-Mar-22 £'000</b>
General Fund	(1,387)	0	(63)	(1,450)	0	(70)	(1,520)
Earmarked and Grant Reserves	(1,819)	60	(1,702)	(3,461)	515	(2,620)	(5,566)
Capital Grants Unapplied	0	0	0	0	0	(238)	(238)
<b>Total</b>	<b>(3,206)</b>	<b>60</b>	<b>(1,765)</b>	<b>(4,911)</b>	<b>515</b>	<b>(2,928)</b>	<b>(7,324)</b>

## 8 OTHER OPERATING EXPENDITURE AND INCOME

<b>2020/21 £'000</b>		<b>2021/22 £'000</b>
41	(Gains) or Loss on the disposal of non-current assets	(15)
0	(Gains) or Loss on the derecognition of assets	0
<b>41</b>	<b>Total</b>	<b>(15)</b>

## 9 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

<b>2020/21 £'000</b>		<b>2021/22 £'000</b>
380	Interest payable & similar charges	305
(2)	Interest	(2)
7,014	Net Interest on the net defined benefit liability	6,780
<b>7,392</b>	<b>Total</b>	<b>7,083</b>

## 10 CONTRIBUTIONS FROM THE CONSTITUENT AUTHORITIES

<b>2020/21 £'000</b>		<b>2021/22 £'000</b>
6,005	Conwy County Borough Council	6,230
3,593	Anglesey County Council	3,690
6,364	Gwynedd Council	6,597
4,899	Denbighshire County Council	5,060
7,968	Flintshire County Council	8,282
7,113	Wrexham County Borough Council	7,215
<b>35,942</b>	<b>Total</b>	<b>37,074</b>

## 11 PROPERTY PLANT AND EQUIPMENT AND INTANGIBLE ASSETS.

Assets are valued as outlined in Notes 14 and 15 of Accounting Policies.

### Movement in 2021/2022

2021-2022	Land and Buildings £'000	Vehicles and Equipment £'000	Assets Under Construction £'000	Property Plant & Equipment Total £'000	Intangible Assets Total £'000	Assets Held for Sale Total £'000
<b>Gross Book Value at 1 April 2021</b>	<b>31,625</b>	<b>22,770</b>	<b>198</b>	<b>54,593</b>	<b>1,221</b>	<b>0</b>
Re-categorisation of assets	0	198	(198)	0	0	0
Prior Year Adjustment recognised through Revaluation Reserve (Llandudno Workshop Valuation)	(1,009)	0	0	(1,009)	0	0
Prior Year Adjustment recognised through Capital Adjustment Account (Llandudno Workshop Valuation)	(65)	0	0	(65)	0	0
Additions	0	148	1,027	1,175	0	0
Derecognition - Disposals	0	(65)	0	(65)	0	0
Derecognition - Other	0	(801)	0	(801)	(549)	0
Revaluation increase / (decreases) recognised in the Revaluation Reserve	3,048	0	0	3,048	0	0
Revaluation increase / (decreases) recognised in the Surplus / Deficit on the Provision of Services	1,237	0	0	1,237	0	0
<b>Gross Book Value at 31 March 2022</b>	<b>34,836</b>	<b>22,250</b>	<b>1,027</b>	<b>58,113</b>	<b>672</b>	<b>0</b>
Accumulated Depreciation at 1 April 2021	(605)	(14,451)	0	(15,056)	(744)	0
Depreciation Prior Year Adjustment recognised through Revaluation Reserve (Llandudno Workshop)	29	0	0	29	0	0
Depreciation Prior Year Adjustment recognised through Capital Adjustment Account (Llandudno Workshop)	1	0	0	1	0	0
Depreciation written out of the Revaluation Reserve	184	0	0	184	0	0
Depreciation written out to the Surplus / Deficit on the Provision of Services	967	0	0	967	0	0
Depreciation/Amortisation for Year	(576)	(1,363)	0	(1,939)	(251)	0
Derecognition - Disposals	0	65	0	65	0	0
Derecognition - Other	0	801	0	801	549	0
<b>Accumulated Depreciation at 31 March 2022</b>	<b>0</b>	<b>(14,948)</b>	<b>0</b>	<b>(14,948)</b>	<b>(446)</b>	<b>0</b>
<b>NET BOOK VALUE AT 31 MARCH 2022</b>	<b>34,836</b>	<b>7,302</b>	<b>1,027</b>	<b>43,165</b>	<b>226</b>	<b>0</b>
<b>NET BOOK VALUE AT 31 MARCH 2021</b>	<b>31,020</b>	<b>8,319</b>	<b>198</b>	<b>39,537</b>	<b>477</b>	<b>0</b>

2020-2021	Land and Buildings	Vehicles and Equipment	Assets Under Construction	Property Plant & Equipment Total	Intangible Assets Total	Assets Held for Sale Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Gross Book Value at 1 April 2020</b>	<b>38,723</b>	<b>23,082</b>	<b>628</b>	<b>62,433</b>	<b>1,231</b>	<b>0</b>
Re-categorisation of assets	0	101	(186)	(85)	85	0
Additions	0	0	0	0	0	0
Derecognition - Disposals	0	(413)	0	(413)	0	0
Derecognition - Other	0	0	(244)	(244)	(95)	0
Revaluation increase / (decreases) recognised in the Revaluation Reserve	(1,762)	0	0	(1,762)	0	0
Revaluation increase / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(5,336)	0	0	(5,336)	0	0
<b>Gross Book Value at 31 March 2021</b>	<b>31,625</b>	<b>22,770</b>	<b>198</b>	<b>54,593</b>	<b>1,221</b>	<b>0</b>
Accumulated Depreciation at 1 April 2020	(3,947)	(13,202)	0	(17,149)	(578)	0
Re-categorisation of assets	0	0	0	0	0	0
Depreciation written out of the Revaluation Reserve	1,084	0	0	1,084	0	0
Depreciation written out to the Surplus / Deficit on the Provision of Services	2,863	0	0	2,863	0	0
Depreciation/Amortisation for Year	(605)	(1,621)		(2,226)	(252)	0
Derecognition - Disposals	0	372		372	0	
Derecognition - Other	0	0	0	0	86	0
<b>Accumulated Depreciation at 31 March 2021</b>	<b>(605)</b>	<b>(14,451)</b>	<b>0</b>	<b>(15,056)</b>	<b>(744)</b>	<b>0</b>
<b>NET BOOK VALUE AT 31 MARCH 2021</b>	<b>31,020</b>	<b>8,319</b>	<b>198</b>	<b>39,537</b>	<b>477</b>	<b>0</b>
<b>NET BOOK VALUE AT 31 MARCH 2020</b>	<b>34,776</b>	<b>9,880</b>	<b>628</b>	<b>45,284</b>	<b>653</b>	<b>0</b>

A full property revaluation exercise was undertaken by Wilks Head and Eve, on 1 April 2020. Office accommodation has been valued at existing use value and fire stations at depreciated replacement cost. To comply with the Code of Practice the valuer estimated residual lives for all the Authority's buildings. Depreciation is based on the Beacon Approach where an estimate is made of the components of the building and the useful life of each component.

Other assets are recognised at historic cost which is a proxy for current cost on short life assets and depreciated over their useful lives.

## 12 FINANCIAL INSTRUMENTS

### Categories of Financial Instruments

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

	Non Current		Current	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£'000	£'000	£'000	£'000
<b>Investments</b>				
Loans and receivables	0	0	0	1,495
Available-for-sale financial assets	0	0	0	0
<b>Total Investments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,495</b>
<b>Debtors</b>				
Loans and receivables	33	376	3,732	2,647
Financial assets carried at contract amounts	0	0	0	0
<b>Total Debtors</b>	<b>33</b>	<b>376</b>	<b>3,732</b>	<b>2,647</b>
<b>Borrowings</b>				
Interest Accrued	0	0	89	90
Financial liabilities at amortised cost	10,761	9,435	13,674	16,684
<b>Total Borrowings</b>	<b>10,761</b>	<b>9,435</b>	<b>13,763</b>	<b>16,774</b>
<b>Creditors</b>				
Financial liabilities carried at contract amount	0	0	3,047	3,148
<b>Total Creditors</b>	<b>0</b>	<b>0</b>	<b>3,047</b>	<b>3,148</b>

**Note 1** – Under accounting requirements the carrying value of the financial instrument value is shown in the balance sheet, which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. The effective interest rate is accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

**Note 2** – Fair value has been measured by:

- Direct reference to published price quotations in an active market; and/or
- Estimating using a valuation technique.

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 Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

Whilst there is no need to produce more detailed information, additional information will however be needed in the following, albeit unlikely, circumstances:

- Any unusual movements;
- De-recognition of instruments;
- Allowance for credit losses;
- Reclassification of instruments;
- Collateral;
- Defaults and breaches.

These are explained in more detail below.

### Financial Instruments Gains/Losses

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

	2020/21		2021/22	
	Financial Liabilities Measured at amortised cost £'000	Financial Assets Loans and receivables £'000	Financial Liabilities Measured at amortised cost £'000	Financial Assets Loans and receivables £'000
Interest expense	380		305	
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>380</b>		<b>305</b>	
Interest income		(2)		(2)
<b>Total income in Surplus or Deficit on the Provision of Services</b>		<b>(2)</b>		<b>(2)</b>
<b>Net gain/(loss) for the year</b>	<b>(380)</b>	<b>2</b>	<b>(305)</b>	<b>2</b>

### External Borrowing

The loans outstanding have been raised through the Public Works Loan Board (PWLB) and on the financial markets.

The following table gives an analysis of the long and short term loans.

The table excludes the interest accrual for the year which is shown under short term borrowing.

	2020/21		2021/22	
	Rates	Loans £'000	Rates	Loans £'000
Market Loans	0.05 - 0.10	14,000	0.07 - 0.20	9,000
Public Works Loan Board	1.45 - 4.9	12,119	1.0 - 4.9	15,435
<b>Total External Borrowing</b>		<b>26,119</b>		<b>24,435</b>

	2020/21		2021/22	
	Short Term £'000	Long Term £'000	Short Term £'000	Long Term £'000
Market Loans	14,000	0	9,000	0
Public Works Loan Board	2,684	9,435	4,674	10,761
<b>Total External Borrowing</b>	<b>16,684</b>	<b>9,435</b>	<b>13,674</b>	<b>10,761</b>

Conwy County Borough Council manages the treasury function on behalf of the Fire and Rescue Authority but all loans are under the name of North Wales Fire and Rescue Authority.

### 13 FAIR VALUE OF ASSETS AND LIABILITIES CARRIED AT AMORTISED COST

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, borrowing from the PWLB has been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31-Mar-21		31-Mar-22	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB debt	12,119	13,781	15,435	16,175
Non-PWLB debt	14,000	14,000	9,000	9,000
<b>Total Debt</b>	<b>26,119</b>	<b>27,781</b>	<b>24,435</b>	<b>25,175</b>

The fair value has been calculated with direct reference to published price quotations in an active market. In the case of the Fire and Rescue Authority they are based on premiums that would be payable if PWLB loans were surrendered and provides an estimate of the additional interest payable compared to the same loan at current market rates discounted back to the current period. The carrying amount excludes the accrued interest as per note 12.

## 14 INVENTORIES

	Main Stores		Fleet Stock		Totals	
	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000	2021/22 £'000
Balance at start of year	545	419	122	147	667	566
Purchases	165	99	158	220	323	319
Recognised as an Expense in year	(291)	(98)	(133)	(186)	(424)	(284)
<b>Balance outstanding at year end</b>	<b>419</b>	<b>420</b>	<b>147</b>	<b>181</b>	<b>566</b>	<b>601</b>

## 15 DEBTORS

2020/21 £'000		2021/22 £'000
	<b>Long Term</b>	
376	Prepayments	33
<b>376</b>	<b>Total Long Term</b>	<b>33</b>
	<b>Short Term</b>	
277	Other Receivable Amounts	384
1,803	Trade Receivables	2,511
567	Prepayments	837
<b>2,647</b>	<b>Total Short Term</b>	<b>3,732</b>
<b>3,023</b>	<b>Total Long and Short Term Debtors</b>	<b>3,765</b>

## 16 CASH AND CASH EQUIVALENTS

The actual cash in hand represented the cash shown in the balance sheet, together with transactions not effected within the cleared bank balance at 31 March 2022.

The following table summarises the position:

31-Mar-21 £'000		31-Mar-22 £'000
1,495	Bank Call Accounts	0
23	Bank Current Accounts	2,522
10	Petty Cash Imprests	10
<b>1,528</b>	<b>Total</b>	<b>2,532</b>

## 17 CREDITORS

2020/21 £'000		2021/22 £'000
1,302	Other Payables	1,195
1,846	Trade Payables	1,852
<b>3,148</b>	<b>Total</b>	<b>3,047</b>

## 18 PROVISIONS

At 31 March 2022 the Authority held a provision with a value of £737k relating to employee liabilities. This provision will be utilised to offset revenue expenditure, when it occurs.

	Opening Balance £'000	Movements In £'000	Movements Out £'000	Closing Balance £'000
Short Term Provisions	426	417	(241)	602
Long Term Provisions	135	0	0	135
<b>Total</b>	<b>561</b>	<b>417</b>	<b>(241)</b>	<b>737</b>

## 19 USABLE RESERVES

### General Reserves

It is prudent for the Authority to hold a General Reserve and it is anticipated that the areas where it will be used will be:

- pay increases;
- decrease in grant funding.

The balance on the reserve at 31 March 2022 is £1,520k (31 March 2021: £1,450k).

The increase is due to a £70k underspend within the revenue budget.

### Earmarked Reserves

A number of earmarked reserves have been set up for specific purposes, which the Authority has agreed to fund.

	Balance 1 April 2020 £'000	Transfers in/(out) 2020/21 £'000	Balance 31 March 2021 £'000	Transfers in/(out) 2021/22 £'000	Balance 31 March 2022 £'000
Pension Reserve	85	0	85	0	85
Radio Scheme	300	200	500	250	750
HFSC Grant	195	0	195	0	195
Reduction/Training					
Interest Reserve	100	0	100	200	300
Fire Hydrant Repairs	90	0	90	0	90
PPE Uniform / Stock	250	0	250	0	250
Transformational Change	350	450	800	51	851
Facilities Improvement	150	340	490	833	1,323
Legal Liability	200	0	200	25	225
Training	100	0	100	150	250
Major Incident	0	150	150	0	150
System Improvements	0	502	502	346	848
Inflation	0	0	0	250	250
<b>Total</b>	<b>1,820</b>	<b>1,642</b>	<b>3,462</b>	<b>2,105</b>	<b>5,567</b>

## Grant Reserves

Under IFRS any grants that have been received by the Authority for specific schemes but have not yet been utilised in year have been shown under Capital Grants receipts in advance.

## Total Usable Reserves

31-Mar-21 £'000		31-Mar-22 £'000
1,450	General Reserve	1,520
3,462	Earmarked Reserves	5,567
0	Capital Grants Unapplied	238
<b>4,912</b>	<b>Total</b>	<b>7,325</b>

## 20 UNUSABLE RESERVES

31-Mar-21 £'000		31-Mar-22 £'000
6,719	Revaluation Reserve	8,550
3,908	Capital Adjustment Account	6,444
(337,323)	Pensions Reserve	(327,498)
(326)	Accumulated Absences Account	(338)
<b>(327,022)</b>	<b>Total</b>	<b>(312,842)</b>

## Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment.

The balance is reduced when assets with accumulated gains are:

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

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

2020/21 £'000		2021/22 £'000
<b>7,318</b>	<b>Balance at 1 April</b>	<b>6,719</b>
0	Upward revaluation of assets/Remove depreciation	3,231
(678)	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services.	0
0	Prior Year Adjustment	(980)
203	Adjustment from Capital Adjustment Account	(331)
(124)	Difference between fair value depreciation and historical cost depreciation	(89)
<b>6,719</b>	<b>Balance at 31 March</b>	<b>8,550</b>

## Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (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 valuation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2020/21 £'000		2021/22 £'000
6,874	Balance at 1 April	3,908
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(41)	Amount of non current asset written off on disposal or sale as part of the gain/loss on disposal to CIES	15
(2,353)	Charges for depreciation & impairment of non-current assets	(2,101)
	Prior Year Adjustment through the CIES	(64)
(2,473)	Adjustment relating to the revaluation of assets	2,206
(203)	Adjusting amounts written out of the Revaluation Reserve	331
(5,070)	Net written out amount of the cost of non-current assets consumed in the year	387
	<b>Capital financing applied in the year:</b>	
0	Capital grants & contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	148
2,104	Statutory provision for the financing of capital investment charged against the General Fund	2,001
(2,966)		2,536
<b>3,908</b>	<b>Balance at 31 March</b>	<b>6,444</b>

The opposite entries for depreciation, impairment charges and revaluations are posted to either the Revaluation Reserve or the Capital Adjustment Account according to the criteria detailed above. The table below shows the transactions that have been posted to the Revaluation Reserve and the Capital Adjustment Account.

2020/21					2021/22			
Fixed Asset Statement (Note 11)	Revaluation Reserve	Capital Adjustment Account	Totals		Fixed Asset Statement (Note 11)	Revaluation Reserve	Capital Adjustment Account	Totals
(2,477)	(124)	(2,353)	(2,477)	Depreciation	(2,190)	(89)	(2,101)	(2,190)
0	0	0	0	Prior Year Adjustment	(1,074)	(1,009)	(65)	(1,074)
(3,151)	(678)	(2,473)	(3,151)	Revaluation	5,436	3,232	2,204	5,436
<b>(5,628)</b>	<b>(802)</b>	<b>(4,826)</b>	<b>(5,628)</b>	<b>Total</b>	<b>2,172</b>	<b>2,134</b>	<b>38</b>	<b>2,172</b>

## Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding 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 any benefits earned to be financed as the Authority makes employer contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has 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.

2020/21 £'000		2021/22 £'000
(312,118)	Opening Balance 1 April	(337,323)
(17,095)	Reversal of Items related to retirement benefits debited to the Provision of Service in the Comprehensive Income & Expenditure Statement	(21,172)
9,837	Employer's pensions contributions and direct payments to pensioners payable in the year	8,830
(17,947)	Re-measurement of the net defined benefit liability	22,167
<b>(25,205)</b>	<b>Movement on Pension Reserve</b>	<b>9,825</b>
<b>(337,323)</b>	<b>Closing Balance</b>	<b>(327,498)</b>

## Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absence 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.

2020/21 £'000		2021/22 £'000
(290)	<b>Balance at 1 April</b>	(326)
290	Settlement or cancellation of accrual made at the end of the preceding year	326
(326)	Amounts accrued at the end of the current year	(338)
<b>(326)</b>	<b>Balance at 31 March</b>	<b>(338)</b>

## 21 CASH FLOW STATEMENT - OPERATING ACTIVITIES

2020/21 £'000		2021/22 £'000
8,477	<b>Net (Surplus)/Deficit on the Provision of Services</b>	7,736
	<b>Adjustment to net (surplus)/deficit for non-cash movements</b>	
(101)	Increase/(Decrease) in Inventories	35
1,293	Increase/(Decrease) in Debtors	742
(1,706)	(Increase)/Decrease in Creditors	101
(2,478)	Depreciation Charge	(2,100)
0	Contributions Received/Capital Receipts	148
(7,258)	IAS 19 Pension Adjustments	(12,342)
(2,474)	Impairment Charge/Revaluation of Assets	2,142
(296)	Carrying amount of Non Current Assets sold or derecognised	0
(56)	Contribution (to)/from Various Provisions	(151)
0	Other non-cash items charged to the net surplus or deficit on the provision of services	0
(37)	Accumulated Absences Reserve	(12)
<b>(13,113)</b>	<b>Less Total</b>	<b>(11,437)</b>
	<b>Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities</b>	
(380)	Interest paid	(305)
2	Interest Received	2
<b>(378)</b>	<b>Less Total</b>	<b>(303)</b>
<b>(5,014)</b>	<b>Net Cash Flow From Operating Activity</b>	<b>(4,004)</b>

## 22 CASH FLOW STATEMENT – INVESTING ACTIVITIES

2020/21 £'000		2021/22 £'000
0	Purchase of property, plant and equipment, investment property and intangible assets	1,176
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(15)
0	Other receipts from investing activities	(148)
<b>0</b>	<b>Net cash flow from investing activities</b>	<b>1,013</b>

## 23 CASH FLOW STATEMENT – FINANCING ACTIVITIES

2020/21 £'000		2021/22 £'000
(8,077)	Cash receipts of short-term and long-term borrowing	(10,767)
12,957	Repayments of short-term and long-term borrowing	12,451
377	Other payments for financing activities	303
<b>5,257</b>	<b>Net cash flow from financing activities</b>	<b>1,987</b>

## 24 MEMBERS' ALLOWANCES

2020/21 £		2021/22 £
	<b>Full Year Allowances</b>	
10,705	Chair of the Fire and Rescue Authority	10,818
5,705	Deputy Chair of the Fire and Rescue Authority	5,765
5,705	Chair of the Audit Committee	5,765
2,005	Members	2,026
<b>72,068</b>	<b>Total of Members' Allowances paid</b>	<b>72,997</b>
	<b>Expenses Paid</b>	
854	Standards Committee Members	898
0	Authority Members	96
<b>854</b>	<b>Total Expenses Paid</b>	<b>994</b>
<b>72,922</b>	<b>Total Paid to Members</b>	<b>73,991</b>

During 2021/22 there were a total of 28 Authority Members (2020/21: 33 Members including 4 standards committee members who did not receive an allowance).

Note the 2020/21 figures have been restated to include the expenses paid element.

## Note 25 - OFFICERS' REMUNERATION

Senior Officers' Emoluments 2021/22 - Salary between £60,000 and £150,000

Post Title	Year	Salary (Inc Fees & Allowances) £	Expenses Reimbursed £	Benefit in Kind £	Total (Excluding Pension Contributions) £	Pension Contributions £	Total Remuneration £
Chief Fire Officer (Commenced July 2021)	2020/21	0	0	0	0	0	0
	<b>2021/22</b>	<b>101,763</b>	<b>0</b>	<b>0</b>	<b>101,763</b>	<b>17,300</b>	<b>119,063</b>
Chief Fire Officer (Retired June 2021)	2020/21	131,392	126	0	131,518	42,244	173,762
	<b>2021/22</b>	<b>33,669</b>	<b>32</b>	<b>0</b>	<b>33,700</b>	<b>5,724</b>	<b>39,424</b>
Deputy Chief Fire Officer (Commenced February 2022)	2020/21	0	0	0	0	0	0
	<b>2021/22</b>	<b>12,820</b>	<b>978</b>	<b>0</b>	<b>13,798</b>	<b>3,500</b>	<b>17,298</b>
Assistant Chief Fire Officer	2020/21	94,926	126	0	95,052	26,104	121,156
	<b>2021/22</b>	<b>100,365</b>	<b>126</b>	<b>0</b>	<b>100,491</b>	<b>27,400</b>	<b>127,891</b>
Assistant Chief Fire Officer (Commenced January 2021, previously ACO)	2020/21	71,721	0	0	71,721	23,060	94,781
	<b>2021/22</b>	<b>99,428</b>	<b>0</b>	<b>0</b>	<b>99,428</b>	<b>16,903</b>	<b>116,331</b>
Assistant Chief Fire Officer (Commenced February 2021)	2020/21	14,664	0	0	14,664	3,679	18,343
	<b>2021/22</b>	<b>95,547</b>	<b>24</b>	<b>0</b>	<b>95,571</b>	<b>23,976</b>	<b>119,547</b>
Assistant Chief Officer	2020/21	64,141	126	12,531	76,798	20,622	97,420
	<b>2021/22</b>	<b>71,931</b>	<b>126</b>	<b>8,789</b>	<b>80,846</b>	<b>12,228</b>	<b>93,074</b>
Temporary Assistant Chief Fire Officer (Retired January 2021)	2020/21	76,032	105	0	76,137	18,285	94,422
	<b>2021/22</b>	<b>109</b>	<b>0</b>	<b>0</b>	<b>109</b>	<b>0</b>	<b>109</b>
Treasurer - Section 151 Officer (15 days per Year) (Retired Dec 2021)	2020/21	7,812	0	0	7,812	0	7,812
	<b>2021/22</b>	<b>5,859</b>	<b>0</b>	<b>0</b>	<b>5,859</b>	<b>0</b>	<b>5,859</b>

The Treasurer retired in December and during January to March the Assistant Chief Fire Officer undertook the Treasurer's duties and responsibilities.

The Authority does not have any employees with a salary in excess of £150k. The Monitoring Officer is provided by Flintshire County Council as part of a Service Level Agreement so no costs for an individual are shown in the table above. Further details on the Monitoring Officer costs can be found within Note 29 – Related Parties.

The number of employees whose remuneration was £60,000 or more in bands of £5,000 was:

REMUNERATION BAND	2020/2021 NUMBER OF EMPLOYEES	2021/2022 NUMBER OF EMPLOYEES
£80,000 - £84,999	0	2
£75,000 - £79,999	2	0
£70,000 - £74,999	1	2
£65,000 - £69,999	0	0
£60,000 - £64,999	3	6

The above excludes senior officers as they are detailed separately within the remuneration table.

Remuneration includes all sums paid to or receivable by an employee, expense allowances chargeable to tax and the money value of benefits. The above data does not include employer's pension contributions.

The following table gives the ratio between the Chief Fire Officer's remuneration and the median remuneration of Fire and Rescue Service staff:

2020/21 £		2021/22 £
131,518	Chief Fire Officer	134,940
31,767	Median	32,244
4.14	Ratio	4.18

The staff that are employed under Retained Duty System Contracts have been included in the calculation on their Full Time Equivalent scale point rather than actual earnings. The above data includes total salary paid (excludes pension contributions).

## Exit Packages

The number 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 Package Cost Band	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages		Total Cost of Exit Packages	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21 £'000	2021/22 £'000
£0-£20,000	0	0	0	2	0	2	0	28
£20,000 - £40,000	0	0	0	1	0	1	0	28
£40,000 - £60,000	0	0	0	1	0	1	0	48
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>104</b>

## 26 EXTERNAL AUDIT COSTS

2020/21 £'000		2021/22 £'000
61	Fees payable to the Auditor General for Wales with regard to external audit services carried out by the appointed auditor.	64

## 27 GRANTS

The following grants were received by the Authority:

2020/21 £'000		2021/22 £'000
	<b>Revenue</b>	
416	Firelink Service Fees	416
157	Arson Reduction	157
136	Home Safety Equipment	213
1	Ask and Act	10
143	All Wales National Resilience (New Dimensions)	233
162	Youth & Young People Engagement (Phoenix)	160
1,104	Firefighter Pension Scheme Employer Contribution Costs	1,089
3	Cyber Training	0
0	Emergency Services Network Upgrade	210
<b>2,122</b>	<b>TOTAL</b>	<b>2,488</b>
	<b>Capital</b>	
0	Training Facility equipment	238
<b>0</b>	<b>TOTAL</b>	<b>238</b>

The Training Facility Upgrade Grant expenditure of £238k has been committed within 2021/22.

## 28 AGENCY SERVICES

The Authority acts as an agent on behalf of Welsh Government in administering two grant schemes for all the Fire and Rescue Services in Wales. The approved grants are paid to North Wales Fire and Rescue Service who are then responsible for distributing the grants to the Mid and West Wales Fire and Rescue Service and South Wales Fire and Rescue Service.

The Authority acts as an agent for the Local Resilience Forum. This is a multi-agency partnership made up of representatives from local public services, including the emergency services, local authorities, the NHS, the Environment Agency and others. Contributions from the various public bodies, are paid to North Wales Fire and Rescue Service. This funding is utilised to pay for the expenditure of the Forum.

2020/21 £'000		2021/22 £'000
2,845	All Wales National Resilience	2,766
206	Youth and Young People Engagement	208
184	Local Resilience Forum	119
<b>3,235</b>	<b>Total</b>	<b>3,093</b>

## **29 RELATED PARTIES**

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

### **Welsh Government**

The Welsh Government has significant influence over the general operations of the authority – it is responsible for providing the statutory framework within which the authority, operates provides the majority of its funding in the form of grants (the Revenue Support Grant is paid to constituent authorities) and prescribes the terms of many of the transactions that the authority has with other parties. Directly received grant receipts are shown in Note 27 and constituent authority contributions are shown in Note 10.

### **Members**

Members of the authority have direct control over the authority's financial and operating policies. The total of members' allowances paid in 2021/22 is shown in Note 24.

All Members completed a declaration of interest with related parties return for the year 2021/22. Apart from allowances and expenses no other transactions were identified. Nothing was paid by the Authority, during 2021/22, under such arrangements (2020/21: nil), and no income was received by the Authority, during 2021/22 (2020/21: nil).

### **Senior Officers**

The senior officers completed a declaration of interest with related parties return for the year 2021/22. Senior officers' remuneration is shown in Note 25.

An Assistant Chief Fire Officer declared an interest as a trustee with Dangerpoint. Payments of £5,700 have been made to Dangerpoint in 2021/22, as part of Welsh Government grant funding (2020/21: £1,580). In addition funding is provided for the cost of an administrator, which amounted to £26,701 (2020/21: £26,386). No income was received by the Authority during 2020/21 and 2021/22.

## Other Public Bodies

Flintshire County Council provide the role of Monitoring Officer. Until his retirement this post was held by the Chief Executive but has now transferred to the Chief Officer (Governance)/Monitoring Officer.

Conwy County Borough Council provides financial services. This includes internal audit, transactional processing, and technical assistance including the management of the treasury function involving the brokering of market loans and investments. Conwy CBC also provides legal services to the Authority.

Carmarthenshire County Council provides a pension administration service for the Authority in relation to the Firefighters' Pension Scheme.

There are joint arrangements with North Wales Police and Crime Commissioner which include Facilities Management, a shared control room and partnership working on a number of projects

During the year transactions with related parties arose as shown below:

2020/21 Transactions £'000	2020/21 Outstanding Balance £'000		2021/22 Transactions £'000	2021/22 Outstanding Balance £'000
17	0	Flintshire CC – Monitoring Officer	17	0
138	69	Conwy CBC – Financial Services	140	70
10	0	Conwy CBC – Legal Services	12	12
53	0	Carmarthenshire CC – Superannuation Service	59	0
207	52	North Wales Police Crime Commissioner – Facilities Management	212	53
7	7	North Wales Police Crime Commissioner – Procurement	7	7

### 30 CAPITAL EXPENDITURE AND FINANCING

The capital expenditure incurred during the year and the impact upon the Capital Financing Requirement is detailed below:

2020/21 £'000		2021/22 £'000
31,746	Opening Capital Financing Requirement	29,389
	<b>Capital Investment in Year</b>	
0	Fixed Assets	1,176
	<b>Sources of Finance</b>	
0	Grants & Contributions	0
(253)	Prior Year Adjustment Relating to Ceased Project	0
(2,104)	Revenue and Other Provisions	(2,164)
29,389	Closing Capital Financing Requirement	28,401
<b>2,357</b>	<b>Change in Capital Financing Requirement</b>	<b>988</b>
	Explanation of change:	
2,357	(Increase)/decrease in underlying need to borrow	988

### CAPITAL COMMITMENTS 2022/23 Onwards

The Authority is committed to capital expenditure in future periods arising from contracts entered into at the balance sheet date. Capital expenditure committed at the 31 March 2022 for future periods equates to £2,251k (2020/21: £2,190k). The commitments relate to the following:

Description	£'000
Equipment	92
Vehicles	2,159
<b>Total</b>	<b>2,251</b>

### FINANCING OF CAPITAL SPEND

Capital expenditure in the year was financed as follows:

2020/21 £'000		2021/22 £'000
0	External Loans	1,013
0	Grant Funding	0
0	Capital Receipts	15
0	Revenue Contribution to Capital	148
<b>0</b>	<b>Total</b>	<b>1,176</b>

## 31 LEASES

### Finance Leases

The Authority acquired the Wrexham Fire Station under a finance lease in 2016/17. The asset acquired under the lease is carried on the Balance Sheet under Property, Plant and Equipment with a net value of £4,485k.

The lease payment for the Wrexham Fire Station is a peppercorn rent, therefore there is no reconciliation between the total of future minimum lease payments and the present value.

### Operating Leases

The authority has acquired vehicles and equipment by entering into operating leases with typical lives of four years.

In addition the authority leases three buildings with typical lease periods of five years.

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

2020/21 £'000		2021/22 £'000
294	Not later than 1 year	312
920	Later than 1 year and not later than 5 years	808
247	Later than 5 years	183
<b>1,461</b>	<b>Total</b>	<b>1,303</b>

## **32 TRANSACTIONS RELATING TO POST-EMPLOYMENT BENEFITS**

### **Pensions**

#### **(i) Local Government Services and Control Staff**

In 2021/22 the Authority paid employer's pension contribution of £920k (2020/21:£1,827k) representing 17% (2020/21: 17%) of employees' pensionable pay.

During 2020/2021 the authority made a £958k upfront pension contribution payment which relates to the following years 2020/21 £308k, 2021/22 £319k and 2022/23 £331k.

The upfront lump sum payment were paid into the Clwyd Pension Fund, which provides members with defined benefits related to pay and service.

The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations, the last review being at 31 March 2019. Following the review, the employer's contribution is 17.0% for 2021/22. Under current Pensions Regulations contribution rates are set to meet 100% of the overall liabilities of the Fund.

Further information on the Clwyd Pension Fund can be found in the Pension Funds Annual Report and Accounts which is available on request from the County Treasurer at Flintshire County Council, County Hall, Mold, CH7 6NA or on the website [www.flintshire.gov.uk](http://www.flintshire.gov.uk).

#### **(ii) Firefighters**

The Firefighters' Pension Scheme is an unfunded scheme with defined benefits.

In 2021/22 the Authority paid an employer's pension contribution of £3,192k (2020/21: £3,173k). Pensions payments relating to ill health paid from revenue amounted to £346k (2020/21: £364k).

The majority of pension payments to retired firefighters are paid from a separate Pension Fund account administered by the Authority. Note that the Firefighters' Pension Fund contribution rates can be found on page 63 and 64.

### **GMP equalisation and indexation**

The Government has published a consultation on indexation and equalisation of Guaranteed Minimum Pensions (GMP), with the proposal being to extend the "interim solution" to those members who reach State Pension Age after 5 April 2021.

A past service cost was included within the 2019/20 disclosures for extending the equalisation to all future retirees. There was also a further court ruling on 20 November 2020 regarding GMP equalisation. The court ruled that scheme trustees are required to revisit past Cash Equivalent Transfer Values (CETVs) to ensure GMP equalisation. This may result in additional top-ups where GMP equalisation means that members did not receive their full entitlement. For public service pension schemes, the expectation is that this ruling will be taken forward on a cross scheme basis and will need legal input.

This may require revisiting past CETV cases for members with State Pension age after 5 April 2016 and who took a CETV from the scheme before CETV were equalised. The scope of any costs are yet to be determined. Data on historic CETVs is not available to estimate the potential impact. It is expected that this will be a relatively small uplift for a relatively small subset of members (i.e. those who took a CETV and are in scope for a top up).

## **International Accounting Standard No 19 – Retirement Benefits**

In accordance with the requirements of International Accounting Standard No 19 - Retirement Benefits (IAS19) the Authority has to disclose certain information concerning assets, liabilities income and expenditure related to pension schemes for its employees. As explained in Note 32 the Authority participates in two schemes, the Firefighters' Pension Scheme for Firefighters which is unfunded, and the Local Government Pension Scheme (Clwyd Pension Fund) for other employees which is administered by Flintshire County Council. In addition, the Authority has made arrangements for the payment of added years to certain retired employees outside the provisions of the schemes.

To comply with IAS19 the Authority appoints actuaries on an annual basis to assess the assets and liabilities of both schemes.

### **COVID 19**

The current population mortality projections make no specific allowance for the impact of Covid-19 or any other pandemics. The starting rates of mortality improvement are based on projections of past trends in UK mortality and the effects of past pandemics will already be reflected in these trends. In general, the effects of pandemics on mortality rates are usually expected to be short term, with rates going back to what they would have been before the pandemic after a year or two, unless the pandemic remains over several years. It is too early to determine whether Covid-19 changes the long-term view of life expectancy in the UK. It is therefore not unreasonable to retain the existing mortality assumptions. A death rate from Covid-19 in excess of that already allowed for in the mortality assumptions would emerge as an experience gain over the next year's accounts.

### **Goodwin**

The Welsh Government have advised that there is no requirement to allow for this legal challenge within the 2021/22 disclosures. (Case refers to dependants benefits)

### **O'Brien**

Welsh Government Ministers agreed to extend the pension entitlement to eligible retained firefighters to cover service pre-July 2000. This requires FRAs to undertake a second options exercise. At this stage the disclosures have not been adjusted to account for any changes as the outcomes are uncertain at this point.

### **McCloud and 2016 valuation cost control**

Following the Court of Appeal, the McCloud judgment was handed down in December 2018 which concluded that the transitional protections introduced in 2015 were discriminatory on the basis of age. The UK Government subsequently announced plans to address the discrimination across the UK public sector pension schemes including the Firefighters' Pension Scheme. The cap mechanism for the 2016 valuation has since been un-paused and the calculations completed, with the outcome being no changes to benefits or contributions.

It also announced that the outstanding issues arising from the 2016 actuarial valuation will be addressed and that the McCloud costs would fall into the 'member cost' category of the cost control element of the valuations process. By taking into account the increased value as a result of the McCloud remedy the scheme cost control valuation outcomes will show greater costs than otherwise would have been expected.

The past service costs have been estimated to take into account the impact of the McCloud judgment and have been included since 2018/19 and updated to reflect the proposed remedy outlined by the UK Government following the consultation during 2020.

### IAS 19 Pension Adjustment to the Net Cost of Service Income and Expenditure Statement

2020/21 £'000		2021/22 £'000
9,661	Current Service Costs	11,869
0	Past Service Costs	2,400
40	Administration Expenses	43
(5,791)	Employer's Contributions	(4,636)
(4,046)	Top Up Grant	(4,194)
0	Actuarial Adjustment/Curtailment	0
380	Transfer In	80
<b>244</b>	<b>Adjustment to Net Cost of Service</b>	<b>5,562</b>

Pension assets and liabilities recognised in the balance sheet arising from the Authority's obligation, in respect of its defined benefit plan are as follows:

31st March 2021 £'000		31st March 2022 £'000
318,750	Estimated Present value of the defined benefit obligation in the Fire Fighters Pension Fund	312,950
55,644	Estimated Present value of the defined benefit obligation in the Clwyd Pension Fund	56,519
<b>374,394</b>	<b>Total Estimated share of liabilities</b>	<b>369,469</b>
(37,071)	Estimated Share of assets in Clwyd Pension Fund	(41,971)
<b>337,323</b>	<b>Net Pensions Deficit</b>	<b>327,498</b>

## Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

Liabilities	2020/21	2020/21	2021/22	2021/22
	£'000 Clwyd	£'000 Firefighters	£'000 Clwyd	£'000 Firefighters
Balance as at 1 April	45,350	295,550	55,644	318,750
Current Service Cost	1,561	8,100	2,119	9,750
Transfer Values	0	380	0	80
Interest	1,082	6,650	1,159	6,400
Actuarial Loss/Gain	8,126	16,080	(1,490)	(16,520)
Benefits paid	(815)	(9,620)	(1,284)	(9,520)
Member contribution	340	1,610	371	1,610
Past Service Cost	0	0	0	2,400
<b>Net Pension Liabilities at Year End</b>	<b>55,644</b>	<b>318,750</b>	<b>56,519</b>	<b>312,950</b>

## Transactions Relating to Retirement Benefits Recognised in the Accounts

	Funded		Unfunded	
	2020/21	2021/22	2020/21	2021/22
	£'000	£'000	£'000	£'000
<b>Comprehensive Income &amp; Expenditure Statement</b>				
<b>Net Cost of Service</b>				
Current Service Cost	1,561	2,119	8,100	9,750
Past Service Costs	0	0	0	2,400
Administration Expenses	40	43	0	0
<b>Financing &amp; Investment Income &amp; Expenditure</b>				
Net Interest Expense	364	380	6,650	6,400
Transfers out of scheme	0	0	0	0
Transfers in to scheme	0	0	380	80
<b>Total Defined Benefit Charged to Provision of Service</b>	<b>1,965</b>	<b>2,542</b>	<b>15,130</b>	<b>18,630</b>
<b>Other Post Employment Benefits Charged to the Comprehensive Income &amp; Expenditure Statement</b>				
<b>Remeasurement of the net defined benefit/liability comprising:</b>				
*Return on Plan Assets (excluding Interest) (A)	(6,259)	(4,157)	0	0
*Actuarial (Gains)/Losses arising on Changes in Demographic Assumptions (B)	0	0	0	0
*Actuarial (Gains)/Losses arising on Changes in Financial Assumptions (C)	8,914	(1,177)	30,810	(3,780)
*Other (D)	(788)	(313)	(14,730)	(12,740)
<b>Total Pension Costs Charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>1,867</b>	<b>(5,647)</b>	<b>16,080</b>	<b>(16,520)</b>
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the surplus or deficit on the Provision of Services for Post Employment Benefits in accordance with the Code	(1,965)	(2,542)	(15,130)	(18,630)
<b>Actual Amounts charged to the General Fund for pensions in the year</b>				
Total Employer Contributions	1,827	920	3,964	3,716
Fire Fighters Pensions Top Up Grant	0	0	4,046	4,194

\* A + B + C + D = Re-measurement of the Net Defined Benefit Liability/(Asset) as quoted in the Comprehensive Income and Expenditure Statement:  
2021/22: £22,167k; 2020/21: (£17,947k)

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. A reconciliation of the fair value of the scheme assets only relates to the Clwyd Pension Fund:

2020/21 £'000		2021/22 £'000
(28,782)	Balance 1 April	(37,071)
(718)	Interest on Plan Assets	(779)
(6,259)	Remeasurements (Assets)	(4,157)
40	Administration Expenses	43
(1,827)	Employer Contributions	(920)
(340)	Member Contributions	(371)
815	Benefits Paid	1,284
<b>(37,071)</b>	<b>Net Pension Assets at Year End</b>	<b>(41,971)</b>

The Local Government Scheme is a funded scheme and as such has built up assets over the years to generate income to meet future liabilities. Assets in the Clwyd Pension Fund consist of:

Asset Category	Quoted Prices in Active Markets	31-Mar-21	31-Mar-21	31-Mar-22	31-Mar-22
		£'000	%	£'000	%
<b>Equity Securities</b>					
Global Quoted	Y	3,928	11%	4,490	11%
Emerging Markets	Y	3,930	11%	3,777	9%
<b>Bonds</b>					
Overseas Other	Y	4,263	11%	4,197	10%
LDI	Y	9,045	24%	10,703	25%
<b>Property</b>					
UK	Y	1,854	5%	2,099	5%
Overseas	Y	371	1%	420	1%
<b>Alternatives</b>					
Hedge Funds/Private Equity/ Commodities/GTAA	Y	13,050	35%	14,942	36%
<b>Cash &amp; Cash Equivalents</b>					
All	Y	630	2%	1,343	3%
<b>Totals</b>		<b>37,071</b>	<b>100%</b>	<b>41,971</b>	<b>100%</b>

## Sensitivity Analysis

If the assumptions were changed the effect on the data would be as per the following table.

	<b>LGPS % Change</b>	<b>LGPS Impact £ Million</b>	<b>Firefighters % Change</b>	<b>Firefighters Impact £ Million</b>
Rate of Discounting	0.1	13.5	0.5	-29.0
Rate of Increase in Salaries	0.1	14.7	0.5	5.0
Rate of Increase in Inflation	0.1	15.7	0.5	25.0
Life Expectancy + 1 Year	1.0	16.1	1.0	10.0

## Basis for Estimating Assets and Liabilities

Liabilities have been valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The Firefighters' Scheme has been valued by the Government Actuary's Department and the Clwyd Pension Fund liabilities have been valued by Mercer, an independent firm of actuaries. The main assumptions used in the calculations are:

	<b>Firefighters' Scheme</b>		<b>Clwyd Pension Fund</b>	
	<b>2021 %</b>	<b>2022 %</b>	<b>2021 %</b>	<b>2022 %</b>
Rate of Inflation	2.40	3.00	2.70	3.30
Rate of Increase in Salaries	4.15	4.75	3.95	4.55
Rate of Increase in Pensions	2.40	3.00	2.80	3.40
Rate of Discounting Scheme Liabilities	2.00	2.65	2.10	2.80

<b>Life Expectancy</b>	<b>Estimated as at 31 March 2022</b>			
	<b>Males</b>	<b>Females</b>	<b>Males</b>	<b>Females</b>
Life Expectancy at 65				
Current Pensioners	21.5	21.5	22.5	24.9
Future Pensioners	23.2	23.2	24.0	26.9

The Firefighters' Pension Scheme is an unfunded scheme and as such holds no assets to generate income to meet the scheme's liabilities. Funding for the payments made from the scheme is met from employers and employees contributions in the year and an annual grant from the Welsh Government.

### **33 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

#### **Credit Risk**

This is the possibility that other parties might fail to pay amounts due to the Authority.

The authority's strategy is to reduce debt with any surplus funds, therefore the investments at the year end were nil. Any surplus funds would be within the current bank accounts.

#### **Liquidity Risk**

This is the possibility that the Authority might not have funds available to meet its commitments, to make payments.

The Authority has ready access to borrowings from the Public Works Loan Board. There is no significant risk that it will be unable to raise finance to meet its commitments, under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

#### **Market Risk**

This is 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.

An assessment of the financial effect of a 1% increase in interest rates has been undertaken. Interest on variable rate and temporary borrowing would have increased by £45k.

The Authority has adopted the CIPFA Code of Practice on Treasury Management which ensures the Authority has measures in place to manage the above risks.

At the beginning of the financial year Members are presented with a report outlining the Treasury Management Strategy and setting out the Prudential Indicators (PI's) for the year. Half way through the year a report details progress against the strategy and if necessary a revision of the PI's.

At year end the final report sets out how the Authority has performed during the year. How the Authority manages risks arising from financial instruments is detailed in the treasury reports presented to Members and can be accessed from North Wales Fire and Rescue Service website - [www.northwalesfire.gov.wales](http://www.northwalesfire.gov.wales)

### **34 CONTINGENT LIABILITY**

There are legal claims currently being dealt with by the Authority where there is less than 50% likelihood of settlement. The Authority has a sum of £0.23m reserved for insurance in relation to current emerging claims not currently recognised. The value of known legal cases are £0.034m.

Following a lengthy legal process, the judgment in the case of O'Brien vs Ministry of Justice was issued during 2019. This found that the decision to limit the period from which a part-time employee could join the pension scheme was erroneous and eligible employees should be permitted to join the relevant scheme with effect from the start of their contracts.

This judgment will have implications for the Firefighters' Modified Pension Scheme which previously restricted past service to 1 July 2000. The result is that the government proposes to run a second options exercise although precisely when it will open is not yet known. The FPS can only be amended by legislation, the timing of which will depend on a consultation exercise and parliamentary timetable. It is not yet possible to determine the financial impact of the second options exercise.

### **35 CONTINGENT ASSET**

In July 2016 the European Commission fined European truck manufacturers 2.926 billion euros for price fixing and other cartel activities between 1991 and 2001. DAF, Daimler, Iveco, MAN, and Volvo/ Renault acknowledged their guilt (Scania is still being investigated) and confirmed they did the following:

- At Senior HQ management level, fixed gross and sometimes net list prices.
- Aligned gross list prices in Europe including the UK at the start of the cartel.
- Reduced rebates when the Euro was introduced.
- Delayed introduction of more fuel efficient Euro 3, 4, 5 and 6 technologies.
- Agreed the cost that operators should pay for Euro technologies.

This involves any trucks of 6 tonnes and over, purchased outright, financed or leased between 1997 and 2011. A legal action is now ongoing to recoup some of the money lost due to this cartel price fixing. No specific value or percentage has been discussed as yet and the legal action may take several years to complete.

Under the Litigation Funding Agreement, only the VAT is payable by the Authority for the legal costs.

Current payments under the Litigation Funding Agreement (VAT payable only) for 2021/22 totalled £1,257 (2020/2021: £1,509).

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

At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- \* IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year).
- \* Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:

- \* IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
- \* IAS 37 (Onerous contracts) – clarifies the intention of the standard
- \* IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
- \* IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code. During the consultation process on the 2022/23 Code CIPFA/LASAAC did not envisage them having a significant effect on local authority financial statements.

The implementation of IFRS 16 has been deferred for another year. Therefore it is anticipated that it will be implemented on the 1st April 2023 and will impact the accounts as from 2023/2024 onwards.

## FIREFIGHTERS' PENSION FUND ACCOUNT

This shows the financial position of the Firefighters' Pension Fund Account, indicating whether the Authority owes, or is owed money by the Welsh Government in order to balance the account, together with details of its net assets.

2020/21 £'000		2021/22 £'000
	<b>INCOME</b>	
	<b>Contributions Receivable:</b>	
(3,173)	Employer normal contributions	(3,192)
(152)	Employer ill health charge	(131)
(1,494)	Members normal contributions	(1,509)
(126)	Members backdated contributions	(132)
0	Employer backdated contributions	(186)
(379)	Transfers In	(76)
<b>(5,324)</b>	<b>TOTAL</b>	<b>(5,226)</b>
	<b>EXPENDITURE</b>	
	<b>Benefits Payable:</b>	
7,698	Pension Payments	7,983
1,594	Commutation of Pensions and Lump Sum benefits	719
76	Backdated Commutation Payments	7
	<b>Payments to and on behalf of leavers:</b>	
2	Transfers out	711
<b>9,370</b>	<b>TOTAL</b>	<b>9,420</b>
	<b>NET AMOUNT (PAYABLE)/RECEIVABLE BEFORE TOP UP GRANT</b>	
<b>(4,046)</b>	Top Up grant receivable from WG	<b>(4,194)</b>
<b>0</b>	<b>NET AMOUNT (PAYABLE)/RECEIVABLE FOR YEAR</b>	<b>0</b>

2020/21 £'000		2021/22 £'000
	<b>Net Current Assets and Liabilities:</b>	
(647)	Prepayment to Pensioners	(669)
(1,023)	Top Up payable (from)/to WG	(1,908)
1,670	Amount owed (from)/to the General Fund	2,577
<b>0</b>	<b>Net Assets at year end</b>	<b>0</b>

## Notes to the Firefighters' Pension Fund Account

The Fund was established 1 April 2007 and covers the 1992, 2007 and 2015 Firefighters' Pension Schemes and is administered by the Authority.

Employee and employer contributions are paid into the Fund, from which payments to pensioners are made. Employee's and employer's contribution levels are based on percentages of pensionable pay set nationally by the Welsh Government and subject to triennial revaluation by the Government Actuary's Department (GAD). The scheme is an unfunded scheme with no investment assets and any difference between benefits payable and contributions receivable is met by Top Up Grant from the Welsh Government.

Transfers in to the scheme are a transfer of pension benefits from another pension scheme, for new or existing employees and transfers out are transfer of benefits for employees who have left the Authority and joined another pension scheme.

The Authority is responsible for paying the employer's contributions into the fund. These are the costs that are included in the accounts for the Authority.

Carmarthenshire County Council, acting on behalf of the Dyfed Pension Fund, manage the payments made to firefighter pensioners on behalf of the Authority. They are also responsible for managing the records of current pensioners and active members of the scheme.

In 2021/22 the estimate for the Top Up Grant due was £3,320k and the actual was £4,194k. At the year end the WG owed £1,908k to the Authority.

### Contribution Rates

Under the Firefighters' Pension Regulations the employer's contribution rate for the 2015 scheme was 27.3% (27.3% - 2020/2021) of pensionable pay with employee's rate as per the pensionable pay banding detailed below:

Pensionable Pay Band	2021/22 Contribution Rate %
Up to £27,818	11.0
£27,819 to £51,515	12.9
£51,516 to £142,500	13.5
More than £142,501	14.5

Under the Firefighters' Pension Regulations the employer's contribution rate for the 2007 scheme was 26.6% (26.6% - 2020/2021) of pensionable pay with employee's rates as per the pensionable pay banding detailed.

<b>Pensionable Pay Band</b>	<b>2021/22 Contribution Rate %</b>
Up to and including £15,609	8.5
More than £15,609 and up to and including £21,852	9.4
More than £21,852 and up to and including £31,218	10.4
More than £31,218 and up to and including £41,624	10.9
More than £41,624 and up to and including £52,030	11.2
More than £52,030 and up to and including £62,436	11.3
More than £62,436 and up to and including £104,060	11.7
More than £104,060 and up to and including £124,872	12.1
More than £124,872	12.5

For the 1992 scheme the employer's contribution rate was 29.3% (29.3% - 2020/2021) of pensionable pay with employee's rate as per the pensionable pay bandings detailed below:

<b>Pensionable Pay Band</b>	<b>2021/22 Contribution Rate %</b>
Up to and including £15,609	11.0
More than £15,609 and up to and including £21,852	12.2
More than £21,852 and up to and including £31,218	14.2
More than £31,218 and up to and including £41,624	14.7
More than £41,624 and up to and including £52,030	15.2
More than £52,030 and up to and including £62,436	15.5
More than £62,436 and up to and including £104,060	16.0
More than £104,060 and up to and including £124,872	16.5
More than £124,872	17.0

The Firefighters' Pension Fund Account does not take account of liabilities for pensions and other benefits after the period end as this is the responsibility of the Authority. Details of the long term pension obligations can be found in Note 32 to the core financial statements.

# ACCOUNTING POLICIES

## 1. BASIS OF PREPARATION

The Statement of Accounts summarises the Authority's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014, which require the accounts to be prepared in accordance with proper accounting practices. These practices, under section 12 of the Local Government Act 2003, primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) supported by International Financial Reporting Standards (IFRS).

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

## 2. INCOME AND EXPENDITURE

In the revenue accounts, income and expenditure are accounted for, net of VAT (unless the VAT is irrecoverable), in the year in which they arise, not simply when cash payments are made or received.

- Fees, charges and rents due from customers are accounted for as income at the date the Authority provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and consumption they are carried as stocks on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for 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 income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. A de-minimus limit of £100 is set for these transactions. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

## 3. CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than 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.

## **4. EMPLOYEE BENEFITS**

### **Benefits payable during employment**

Salaries and employment-related payments are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

### **Termination Benefits**

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

## **5. POST EMPLOYMENT BENEFITS**

The Authority participates in distinct pension schemes for Fire fighter and corporate members of staff. The schemes are as follows:

### **Firefighters' Pension Scheme (FPS)**

The Firefighters' pension scheme is an unfunded defined benefit scheme, meaning that there are no investment assets built up to meet the pension liabilities and cash has to be generated to meet the actual pension payments as they fall due. Employee and employer contributions are based on a percentage of pensionable pay set nationally by the Welsh Government and this is subject to triennial revaluation by the Government Actuary's Department (GAD).

The pension fund is treated as a separate income and expenditure statement in the Statement of Accounts and is ring fenced to ensure accounting clarity, please see Note 32 and the Firefighters' Pension Fund Account for more detail. It is through the pension fund that the Authority discharges its responsibility for paying the pensions of retired officers, their survivors and others who are eligible for benefits under the scheme.

The estimated long term liability to the Fire and Rescue Authority to meet these costs is disclosed by a note to the accounts as required by IAS 19.

### **Local Government Pension Scheme (LGPS)**

Support and control room staff are part of the Clwyd Pension Fund (the 'fund'). This is a funded scheme with pensions paid from the underlying investment funds administered by Flintshire County Council.

The Local Government Pension Scheme is accounted for as a defined benefits scheme.

Actuaries determine the employer's contribution rate. Further costs, which arise in respect of certain pensions paid to retired employees, are paid on an unfunded basis.

### **Discretionary Benefits:**

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.

## **6. EVENTS AFTER THE REPORTING PERIOD**

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are 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 (adjusting events after the reporting period), and
- those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

## **7. 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.

## **8. 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.

## **9. FINANCIAL INSTRUMENTS**

A Financial Instrument is defined as 'any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another'. Financial liabilities (loans) and financial assets (investments) are initially measured at fair value and carried at their amortised cost. The annual interest paid and received in the Income and Expenditure account is based on the carrying amount of the loan or investment multiplied by the effective rate of interest for the instrument. For all of the loans and investments the Authority has, the amounts presented in the Balance Sheet are the principal outstanding plus any accrued interest for the year.

The authority recognises expected credit losses on all of its financial assets held at amortised cost.

## **10. INVESTMENTS**

Investments are shown in the Balance Sheet at their cost to the Authority and are itemised in a separate note.

## **11. FOREIGN CURRENCY TRANSACTIONS**

The majority of transactions of the Authority are in sterling. Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where equipment has been purchased from abroad it has been necessary to pay for the goods in the currency of the country the transaction took place.

## **12. ACCOUNTING FOR GOVERNMENT GRANTS**

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, are not credited to the Comprehensive Income & Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

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

Where capital grants are credited to the Comprehensive Income & 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

## **13. LEASES**

### **Finance leases**

Where substantially all risks and rewards of ownership of a leased asset are borne by the Authority, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability. The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated by applying the implicit interest rate to the outstanding liability and is charged to Finance Costs in the Statement of Comprehensive Income.

### **Operating Leases**

Where assets are available for use under leasing arrangements, the rentals payable are charged to the appropriate service account on a straight-line basis irrespective of the payment arrangements. Since the Authority does not own these assets, the cost does not appear in the Balance Sheet. The liability to pay future rental charges is similarly excluded, but a separate note is annexed to the Balance Sheet.

## **14. 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 & Equipment.

### **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant & 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.

A de-minimus expenditure level of £5,000 has been set for Property, Plant & Equipment, below which expenditure will not be subject to capital accounting requirements. Where an asset is

revalued below £5,000, any associated expenditure and depreciation will normally be written out and the asset removed from the Fixed Asset Register.

## 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
- an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

Assets are carried in the Balance Sheet using the following measurement bases:

- Land & Buildings – fair value
- Assets under construction - historical cost
- All other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

## Depreciation

Depreciation is provided for all property, plant and equipment assets, by systematic allocation of their depreciable amounts over their useful lives.

### Useful Economic Life of Assets

Land	Infinite (no depreciation)
Buildings	20-75 years
Buildings (leased)	Term of lease
Vehicles, Plant and Equipment	3-20 years
Intangible Assets	5-15 years

Depreciation is provided on a straight-line basis, with acquisitions being depreciated in the year following purchase. A full year's depreciation is charged in the year of disposal.

Buildings are depreciated using the Beacon Approach. An estimate is made of the components of the building and the useful life of each component. The weighted average method is then used to determine the depreciation charge. The percentages used are:

Buildings – fire stations	2.00% - 2.22%
Buildings – offices	2.23%

Depreciation is charged within the income and expenditure account. This amount is credited to the General Fund Balance and has a neutral impact on the contributions made by the constituent authorities.

The Authority is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution from General Fund Balances (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **Impairments**

Assets are carried at no more than their recoverable amount, and impairment is measured by comparing the carrying value with the higher of fair value less costs to sell (equivalent to net selling price) and value in use. Impairment is assessed annually, and the indicators to reverse an impairment are the same for tangible and intangible assets. All impairment losses on re-valued assets are recognised in the Revaluation Reserve up to the amount in the Revaluation Reserve for each individual asset.

### **Disposals**

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.

### **Revaluation**

When an asset is re-valued, an entry has been made between the Revaluation Reserve and the Capital Adjustment Account which represents the difference between depreciation based on historic cost and the re-valued amount.

When a revaluation loss occurs that is due to a clear consumption of economic benefit, where applicable the loss is charged to the previous revaluation surplus on that asset, to the extent of the surplus, with the balance of the loss being charged to the Comprehensive Income and Expenditure Account.

## **15. INTANGIBLE ASSETS**

Internally generated intangible assets are capitalised where the recognition criteria are met. The criteria are as follows:

- it must be possible to separate the asset from the entity, the entity must control the asset,
- there must be future economic benefit from the asset,
- it must be probable that the economic benefits will flow to the entity, and
- the cost of the asset can be measured reliably.

The intangible asset will be initially measured at cost, all revaluations are charged initially to the revaluation reserve, and there is no maximum useful life for the asset.

## **16. CAPITAL RECEIPTS**

The proceeds from disposed of assets are held as Usable Capital Receipts in the Usable Capital Receipts reserve until used to finance capital expenditure. All receipts from the sale of assets above £10,000 are treated as capital receipts. The exception to this rule is when the receipt relates to specific vehicles for which the proceeds have been factored in to the repayment schedule, these amounts could be less than £10,000.

## **17. MINIMUM REVENUE PROVISION (MRP) POLICY**

Regulations require that the Fire and Rescue Authority approve an MRP statement in advance of each year. For Land and Buildings the MRP policy is to repay expenditure incurred using the Asset Life Method-straight line. For Vehicles, Plant, Equipment and Infrastructure the MRP will be based on the estimated life of the assets.

## **18. INVENTORIES**

Due to technical limitations with the stock recording systems, stock is valued on a last price paid basis.

## **19. RESERVES and PROVISIONS**

Provisions are made where an event has taken place that gives the Authority an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain.

Provisions are charged to the appropriate service revenue account in the year that the Authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

The Authority maintains reserves to meet future expenditure. These are disclosed within the balance sheet and their purposes are explained in the notes to the balance sheet.

## **20. 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.

## **21. CONTINGENT ASSETS**

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## Audit of Accounts Report – North Wales Fire and Rescue Authority

Audit year: 2021-22

Date issued: October 2022

Document reference: 3176A2022

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@audit.wales](mailto:infoofficer@audit.wales).

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

# Contents

We intend to issue an unqualified audit report on your Accounts. There are some issues to report to you prior to their approval.

## Audit of Accounts Report

Introduction	4
Impact of COVID-19 on this year's audit	4
Proposed audit opinion	5
Significant issues arising from the audit	5
Recommendations	8
Appendices	
Appendix 1 – Final Letter of Representation	9
Appendix 2 – Proposed Audit Report	12
Appendix 3 – Summary of Corrections Made	17

# Audit of Accounts Report

## Introduction

- 1 We summarise the main findings from our audit of your 2021-22 accounts in this report.
- 2 We have already discussed these issues with Section 151 officer, Assistant Chief Fire Officer (Finance and Resources) and her team.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £964,000 for this year's audit of the main financial statements and at £188,000 for the Fire Fighters Pension Fund.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
  - Related Party Disclosures £10,000
  - Senior officer remuneration £1,000
- 6 We have now substantially completed this year's audit.
- 7 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

## Impact of COVID-19 on this year's audit

- 8 The COVID-19 pandemic has had a continuing impact on how our audit has been conducted. We summarise in **Exhibit 1** the main impacts. Other than where we specifically make recommendations, the detail in **Exhibit 1** is provided for information purposes only to help you understand the impact of the COVID-19 pandemic on this year's audit process.

## Exhibit 1 – impact of COVID-19 on this year’s audit

<b>Timetable</b>	<ul style="list-style-type: none"><li>• We received the draft accounts on 31 May 2022 which was in accordance with the agreed timetable.</li><li>• We expect your audit report to be signed by late October 2022.</li></ul>
<b>Audit evidence</b>	<p>We have built on our experience of completing the audit remotely in previous years and our ability to obtain audit evidence has not been significantly impacted this year – for example:</p> <ul style="list-style-type: none"><li>• holding weekly Microsoft teams meetings with officers throughout the audit to discuss progress and emerging issues;</li><li>• using a secure remote file transfer portal to safely share information; and</li><li>• arranging remote access to financial systems.</li></ul>

## Proposed audit opinion

- 9 We intend to issue an **unqualified audit opinion** on this year’s accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 10 We issue a ‘qualified’ audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.  
The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards.
- 11 Our proposed audit report is set out in **Appendix 2**.

## Significant issues arising from the audit

### Uncorrected misstatements

- 12 **Exhibit 2** sets out the misstatements we identified in the accounts, which have been discussed with management but remain uncorrected. We request that these are corrected. If you decide not to correct these misstatements, we ask that you provide us with the reasons in writing for not correcting them.

## Exhibit 2 – uncorrected misstatements

<b>Pension Deficit single lump sum payment</b>	<p>As reported in prior years, the Authority made a single lump sum pensions deficit payment of £958,490 to the Clwyd Pension Fund covering the three financial years from 2020-21 to 2022-23 of which two years have been debited to the Comprehensive Income and Expenditure Account. The remaining year's charge has been included as a short-term prepayment totalling £331,062 in Note 15 'Debtors'.</p> <p>The pre-payment has also been taken into account in the IAS 19 Retirement Benefits actuarial valuation and included in the pension fund assets valuation in Note 32 'Transaction Relating to Post-Employment Benefits'. Consequently, the treatment as a prepayment gives rise to double counting of the asset in the Authority's financial statements.</p> <p>The statutory requirements for the local government pension scheme are set out in the Local Government Pension Scheme Regulations 2013 (the 2013 Regulations). Accounting requirements are specified in the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (the 2003 Regulations). Regulation 24 of the 2003 Regulations requires the Authority to charge to a revenue account the amount equal to the payments made in the year. The full amount of payment should have been debited to the General Fund in 2020-21 via the Movement in Reserves Statement with a corresponding credit to the pension reserve.</p>
<b>Assets omitted from valuations</b>	<p>Our review of valuations completed by the Authority's external valuers has identified that a number of training towers present at Fire Stations have been incorrectly omitted from the valuations. This has resulted in the following misstatements:</p> <ul style="list-style-type: none"><li>• Property, Plant &amp; Equipment – Land and Buildings: understated by £586,000</li><li>• Revaluation reserve: understated by £586,000</li></ul>

## Corrected misstatements

- 13 There were initially misstatements in the accounts that have now been corrected by management. However, we believe that these should be drawn to your attention and they are set out with explanations in **Appendix 3**.

## Other significant issues arising from the audit

- 14 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There are two issues arising that we are reporting to you:

### Asset valuations

- 15 The CIPFA Code of Practice on Local Authority Accounting allows audited bodies to adopt a valuation programme that values their assets over a 'short' period of time. A 'short period' is interpreted to mean that assets are normally revalued once every five years for each class of assets, provided that the carrying amount does not differ materially from the valuation at the reporting date.
- 16 There have been changes in market conditions over the past year, namely increases in building costs and rental values, which have impacted on the valuation of assets held, leading to audited bodies considering whether the carrying value of assets not revalued at 31 March 2022 remain materially correct.
- 17 The Authority completed their asset valuation review to a good standard and valuations were updated accordingly. This resulted in an overall increase in asset values of £5,436,000. Further details of the amendments to the financial statements are included in Appendix 3.
- 18 However, the Authority encountered difficulties with processing the associated complex changes through their accounting records and financial statements, which resulted in our work taking longer than originally planned. We will consider the cost implications of this additional work and will discuss any proposed impact on the audit fee with the Assistant Chief Fire Officer (Finance and Resources).
- 19 The Authority should look to strengthen the quality assurance arrangements of the information provided to and from the valuer when the next valuation exercise of its land and buildings is undertaken.

### Quality of accounts

- 20 Whilst we recognise that the Authority has made progress in improving the quality of its financial statements, we still identified a large number of errors and inconsistencies in the financial statements. As part of bringing the provision of financial services and systems back in-house during 2022-23, the Authority should

further develop its quality assurance arrangements for reviewing the financial statements prior to them being submitted for audit to reduce the number of errors and inconsistencies.

## Recommendations

- 21 Following the audit certification by the Auditor General, we will continue to work with the Authority's finance team to further improve the accounts production process for 2022-23.

# Appendix 1

## Final Letter of Representation

The Fire and Rescue Authority's letterhead

Auditor General for Wales  
Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

17 October 2022

### Representations regarding the 2021-22 financial statements

This letter is provided in connection with your audit of the financial statements (including that part of the Remuneration Report that is subject to audit) of North Wales Fire & Rescue Authority for the year ended 31 March 2022 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

### Management representations

#### Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22; in particular the financial statements give a true and fair view in accordance therewith;
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

### Information provided

We have provided you with:

- full access to:
  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence;
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects North Wales Fire and Rescue Authority and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements;
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements;
- the identity of all related parties and all the related party relationships and transactions of which we are aware;

## Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

- Incorrect treatment of the pension deficit single lump sum payment; and
- Land and Building asset values understated due to training towers being incorrectly omitted from valuations.

It has been decided not to adjust for the pension deficit lump sum as it is not material to the financial statements and the amendment would have a significant effect across a number of entries within the accounts. The Authority also recognises the omissions of the valuer in respect of the training towers and does not wish to amend on the basis that it is not material to the financial statements and work will be undertaken with the valuer to ensure that these are fully included in future year.

## **Representations by North Wales Fire and Rescue Authority**

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Fire and Rescue Authority on 17 October 2022.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Dafydd Edwards  
Treasurer

Signed by:

Councillor Dylan Rees  
Chair of the Authority

Date: 17 October 2022

Date: 17 October 2022

# Appendix 2

## Proposed Audit Report

### **The independent auditor's report of the Auditor General for Wales to the members of North Wales Fire and Rescue Authority**

#### **Opinion on financial statements**

I have audited the financial statements of:

- North Wales Fire and Rescue Authority
- North Wales Fire and Rescue Authority's Firefighters Pension Fund

for the year ended 31 March 2022 under the Public Audit (Wales) Act 2004.

North Wales Fire and Rescue Authority's financial statements comprise the Expenditure and Funding Analysis, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement and the related notes, including a summary of significant accounting policies.

The Firefighters Pension Fund Accounts comprise the Fund Account and Net Assets Statement and related notes.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

In my opinion the financial statements:

- give a true and fair view of the financial position of North Wales Fire and Rescue Authority and the North Wales Fire and Rescue Authority's Firefighters Pension Fund as at 31 March 2022 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

#### **Basis of opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of North Wales Fire and Rescue Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on North Wales Fire and Rescue Authority and North Wales Fire and Rescue Authority's Firefighters Pension Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

## **Other Information**

The other information comprises the information included in the Statement of Accounts other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## **Report on other requirements**

### **Opinion on other matters**

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

## **Matters on which I report by exception**

In the light of the knowledge and understanding of North Wales Fire and Rescue Authority and the North Wales Fire and Rescue Authority's Firefighters Pension Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

## **Responsibilities**

### **Responsibilities of the responsible financial officer for the financial statements**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the North Wales Fire and Rescue Authority and the North Wales Fire and Rescue Authority's Firefighters Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the North Wales Fire and Rescue Authority's Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to North Wales Fire and Rescue Authority and North Wales Fire and Rescue Authority's Firefighters Pension Fund's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud by posting of unusual journals;
- Obtaining an understanding of the legal and regulatory frameworks North Wales Fire and Rescue Authority and North Wales Fire and Rescue Authority's Firefighters Pension Fund operate in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of North Wales Fire and Rescue Authority and North Wales Fire and Rescue Authority's Firefighter's Pension Fund.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Fire and Rescue Authority about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the North Wales Fire and Rescue Authority and North Wales Fire and Rescue Authority's Firefighter's Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### **Certificate of completion of audit**

I certify that I have completed the audit of the accounts of North Wales Fire and Rescue Authority and North Wales Fire and Rescue Authority's Firefighters Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton  
Auditor General for Wales

October 2022

24 Cathedral Road  
Cardiff  
CF11 9LJ

# Appendix 3

## Summary of Corrections Made

During our audit, we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

### Exhibit 3: summary of corrections made

Value of correction	Nature of correction	Reason for correction
Land and buildings valuation increased by £5,436,000	<p><b>Asset valuations</b></p> <p>The Authority undertook a review of their asset valuations at year end in light of increased market costs, to ensure asset values remain materially correct. The review resulted in the following amendments:</p> <ul style="list-style-type: none"><li>• Property, plant and equipment – Land and buildings gross book value - revaluation increase: increase by £4,255,000;</li><li>• Property, plant and equipment – Land and buildings accumulated depreciation – written out on revaluation: increase by £1,181,000;</li><li>• Property, plant and equipment – Land and buildings accumulated depreciation – depreciation for the year: reduce by £31,000;</li><li>• Comprehensive income and expenditure account – Cost of services – capital financing costs: decrease by £2,235,000;</li><li>• Comprehensive income and expenditure account – (Surplus) on revaluation of</li></ul>	To update asset valuations at year-end to ensure they are not materially misstated

	<p>property, plant and equipment: increase by £3,232,000;</p> <ul style="list-style-type: none"> <li>• Movement in reserves statement – adjustment between accounting basis and funding basis: decrease by £2,204,000;</li> <li>• Revaluation reserve – upward revaluation of assets: increase by £3,232,000; and</li> <li>• Capital adjustment account – adjustment relating to the revaluation of assets: increase by £2,204,000.</li> </ul>	
£Nil impact on the overall financial position	<p><b>Note 25 Officers’ Remuneration – Senior officers’ emoluments – pension contributions 2021-22:</b></p> <ul style="list-style-type: none"> <li>• Chief Fire Officer (commenced July 2021): decreased from £23,320 to £17,300;</li> <li>• Assistant Chief Fire Officer (commenced January 2021, previously ACO): decreased from £22,785 to £16,903; and</li> <li>• Assistant Chief Officer: decreased from £13,483 to £12,228.</li> </ul>	To remove the incorrect inclusion of the proportion of the pension lump sum payment in advance attributed to officers’ remuneration in 2021-22
£Nil impact on the overall financial position	<p><b>Note 25 Officers’ Remuneration – Median remuneration ratio:</b></p> <ul style="list-style-type: none"> <li>• Chief Fire Officer salary: amended from £134,450 to £134,940; and</li> <li>• Ratio: amended from 4.17 to 4.18</li> </ul>	To correct a minor error in the median salary disclosure

<p>£Nil impact on the overall financial position</p>	<p><b>Note 25 Officers' Remuneration – Exit packages:</b></p> <ul style="list-style-type: none"> <li>Total number of exit packages £20,000 - £40,000: Amend from 2 to 1</li> </ul>	<p>To correct the number of exit packages disclosed</p>
<p>£Nil impact on the overall financial position</p>	<p><b>Note 11 – Property, plant and equipment</b></p> <p>As part of the review of asset valuations this year, the Authority identified that the asset valuation completed in 2020-21 for the Llandudno Junction workshop was on an incorrect basis. The Authority has corrected this via a prior period adjustment in the accounts:</p> <ul style="list-style-type: none"> <li>Land and buildings – Gross book value: decreased by £1,074,000; and</li> <li>Land and buildings – Accumulated depreciation: decreased by £31,000.</li> </ul> <p>This also impacts on the following account areas:</p> <ul style="list-style-type: none"> <li>Capital adjustment account: decreased by £64,000; and</li> <li>Revaluation reserve: decreased by £979,000.</li> </ul>	<p>To correct the valuation of the Llandudno Junction workshop in the accounts.</p>
<p>£Nil impact on the overall financial position</p>	<p><b>Capital grant income</b></p> <p>The Authority received £238,000 funding in respect of capital works at Dolgellau Fire Station. Part of the funding was incorrectly recognised in earmarked reserves instead of capital grants unapplied:</p> <ul style="list-style-type: none"> <li>Usable reserves – capital grant unapplied: increase from £92,000 to £238,000;</li> <li>Usable reserves – earmarked reserve – WG</li> </ul>	<p>To correctly recognise the capital grant funding received</p>

	Grant: reduce from £146,000 to £0.	
£Nil impact on the overall financial position	<p><b>Note 21 - Cash Flow Statement – operating activities</b></p> <ul style="list-style-type: none"> <li>• Increase/(decrease) in debtors: reduced from £896,000 to £742,000; and</li> <li>• (Increase)/decrease in creditors: decreased from (£53,000) to £101,000.</li> </ul>	To correct the movements in debtors and creditors disclosed
£Nil impact on the overall financial position	<p><b>Local Resilience Forum balances:</b></p> <ul style="list-style-type: none"> <li>• Short term creditors: decreased by £93,000; and</li> <li>• Short term debtors: decreased by £93,000</li> </ul>	To remove the agency debtor and creditor from the accounts, to comply with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021-22
£Nil impact on the overall financial position	<p><b>Annual Governance Statement:</b></p> <p>Minor disclosure amendments have been made to the Annual Governance Statement</p>	To include minor omissions and to ensure compliance with the requirements of the CIPFA/SOLACE 'Delivering Good Governance in Local Government Framework'
There have also been a number of minor amendments and disclosure updates as a result of our work.		





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We welcome correspondence and telephone calls in Welsh and English.  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.