



Derbyshire
Fire & Rescue Service
Making Derbyshire Safer

2017-2018
STATEMENT OF ACCOUNTS
FOR THE DERBYSHIRE FIRE &
RESCUE AUTHORITY

AND

THE DFRS & DPFP LLP GROUP

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Narrative Report

1. Introduction

The purpose of the Narrative Report is to provide a summary of the most significant matters reported in the Financial Statements. It explains the purpose of the Financial Statements that follow, provides a summary of the Authority's financial activities during 2017/2018, and its financial position as at 31st March 2018. It also looks to the future and considers the challenges faced by the Authority.

2. Background

Derbyshire Fire and Rescue Authority (DFRA) is responsible for the finances of Derbyshire Fire and Rescue Service (DFRS), with a net budget of £37.1m being approved by Fire Authority Members for 2017/2018 (£38.4m for 2016/2017). The Authority is responsible for providing fire and rescue services to a population of more than a million people in the City of Derby and the County of Derbyshire. In 2017/2018 Command and Control received in the region of 17,000 calls and the Authority responded to around 7,000 incidents. The Authority manages its affairs to ensure the economic, efficient and effective use of resources and to safeguard its assets. This remains vital if the Authority is to continue to deliver a high quality service to its communities. This responsibility is shared by all Members and Officers of the Authority under the leadership of the Fire Authority and the Chief Fire Officer / Chief Executive. The Director of Finance/Treasurer plays a pivotal role in ensuring financial stewardship.

The Authority continues to face significant financial challenges, particularly through prolonged austerity. The favourable 2017/2018 outturn position reflects the Authority's comprehensive and timely approach to making savings before the full impact of funding reductions. The Authority planned for funding reductions in the region of £5m (25%) over the period of the 2010 Comprehensive Spending Review (2011/2012 to 2014/2015), and experienced funding reductions of £1.6m and £1.3m as part of the 2015/2016 and 2016/2017 Settlement Funding Assessments, and a further £1.5m reduction through the 2017/2018 Settlement Funding Assessment. The Authority has been proactive in its approach to funding reductions, having secured savings of around £9.1m over the period 2011/2012 to 2017/2018. These savings were achieved through the 'Effectiveness Programme' (2011/2012 to 2014/2015), and more recently through the 'Fit to Respond' Programme. In 2017/2018 savings of £0.4m were achieved through the Integrated Risk Management Plan 2017 to 2021. Performance against budget is monitored closely by the Authority and also by the Strategic Leadership Team, which consists of the Authority's senior officers.

3. The Financial Statements

This document contains the Authority's accounts for 2017/2018 which have been prepared in accordance with the Accounts and Audit Regulations (2015) and in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2017/2018 ('the Code') and the CIPFA Service Reporting Code of Practice 2017/2018 (SeRCOP). The accounts present a true and fair view of the financial position and transactions of the Authority. Appropriate accounting policies have been applied consistently and prudent judgements and estimates have been made in compliance with the Code. The Authority keeps proper, up-to-date financial records, maintains effective internal control, risk management systems and takes all reasonable steps to ensure the prevention and detection of fraud and other irregularities.

The following sections provide the reader with:

- An explanation of the accounting statements which follow;
- A review of the Authority's financial performance in 2017/2018; and
- The Authority's financial position as at 31st March 2018.

A glossary of terms is provided on page 97 of these accounts to assist the reader.

4. The 2017/2018 Statements of Accounts

The main statements and their purpose within the accounts are the:

- **Statement of Responsibilities** – this sets out the responsibilities of the Authority and the Director of Finance/Treasurer for preparing the accounts.
- **Annual Governance Statement** – this sets out the framework within which financial control is managed and reviewed and the main components of the system.
- **Movement in Reserves Statement** – this statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves (i.e. those reserves which are not backed by true cash and hold accounting adjustments only). The '(Surplus) or Deficit on the Provision of Services' line shows the true cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts

required to be charged to the General Fund Balance for Council Tax setting. The 'Net (Increase) / Decrease before Transfers to Earmarked Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the Authority.

- **Comprehensive Income and Expenditure Account** – This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.
- **Balance Sheet** - this summarises the financial position of the Authority as at 31st March 2018.
- **Cash Flow Statement** - this summarises the total external cash movements during the year for revenue and capital purposes.
- **Statement of Accounting Policies** – this explains the basis for recognition, measurement and disclosure of transactions and other events in the accounts.
- **Notes to the Core Financial Statements** - this set of notes covers all the core financial statements and provides more information on particular items within the core financial statements.
- **Pension Fund** - Derbyshire County Council administers the Local Government Pension Fund. The Firefighters' pension schemes are administered by Leicestershire County Council. These became funded schemes on 1st April 2006 whereby any surplus or deficit on the fund is 'topped up' by the Government.
- **Auditor's Report to the Authority** – this is the report of the independent Auditor on the Statement of Accounts.

In December 2014 Members of Derbyshire Fire and Rescue Authority approved the creation of a Limited Liability Partnership (LLP) between the Fire and Rescue Service, the Office of the Police and Crime Commissioner (OPCC) and Derbyshire Constabulary to oversee the construction and management of the Joint Police and Fire Headquarters and Joint Training Centre project. This enabled the interests of both partners and their Management Board Members to be protected within a formal partnership agreement with equal voting rights. The Management Board of DPFP LLP comprises eight Members in total; four from Derbyshire Fire and Rescue Service, one from Derbyshire Constabulary, and three from the OPCC. The Chair of Derbyshire Fire Authority and the PCC (Elected Officials) alternate in sharing the roles of Chair and Vice Chair of the Board.

Group Accounts have been drawn up for DFRS and DPFP LLP to reflect the Joint Venture nature of the partnership since both parties have contractually agreed to share control, decisions require unanimous consent and both have rights to the net assets of the arrangements. The Group Accounts have been drawn up using the Equity method in line with the Code of Practice. The Group Accounts consist of a Balance Sheet, Comprehensive Income and Expenditure Account and Movement in Reserves Statement with associated notes. Where statements and notes have not been shown for the Group it is because they had no additional entries to the accounts shown in the Single Entity Accounts.

5. Spending and Funding

Derbyshire Fire and Rescue Authority is a precepting Authority. This means a substantial part of the funds required to operate are generated from a direct charge on the Council Tax payer, the remainder coming from Government Grant and income generated by the Authority.

The Settlement Funding Assessment (provided by the Government) for 2017/2018 was £13.99m, a reduction of £1.52m (9.8%) when compared to the 2016/2017 allocation of £15.51m. The Fire Authority agreed a net budget of £37.1m for 2017/2018 (£38.4m in 2016/2017).

The Authority received Revenue Support Grant of £5.6m and National Non-Domestic Rates (Business Rates) of £5.7m from the Department for Communities and Local Government. The Authority also issued a precept on the City and District Councils amounting to £22.3m. Non-Domestic Rates income of £2.9m was received directly from the City and District Councils. All amounts received are disclosed in the Comprehensive Income and Expenditure Account.

Revenue Expenditure 2017/2018

Revenue expenditure consists of the day-to-day running costs of the Authority, such as employee costs, premises and transport related costs, as well as any income generated. The 2017/2018 Outturn position is summarised below, being revenue expenditure of £36.6m against a budget of £37.8m, and income of £37.9m against a budget of £37.8m. Actual income and expenditure for the 2017/2018 financial year is shown against the Authority's Approved Budget below. The underspend against the Budget is £1.3m. The planned underspend reflects the Authority's long term approach to staying ahead of budget cuts, to enable us to plan effectively to protect staff and services. This is in accordance with the Authority's Medium Term Financial Strategy. Furthermore, a favourable level of closing reserves remains essential in supporting the Authority's commitment to longer term planning, future development of the Service, and the continued protection of its communities.

Budget Management Statement

Actual 2016/2017 £'000	Revenue Expenditure	Budget 2017/2018 £'000	Actual 2017/2018 £'000	Variance Deficit/ (Surplus) £'000
26,029	Employee Costs (<i>Note 1</i>)	27,142	26,026	(1,116)
1,221	Indirect Employee Costs	1,253	1,253	0
2,328	Premises Costs (<i>Note2</i>)	2,715	2,884	169
1,367	Transport Costs	1,341	1,352	11
3,944	Supplies & Services (<i>Note3</i>)	3,641	3,443	(198)
395	Capital Financing Costs	460	462	2
877	Minimum Revenue Provision	841	841	0
1,091	Contribution to Capital (<i>Note 4</i>)	72	2,879	2,807
(40)	Trading Company Dividend (<i>Note 5</i>)	(230)	0	230
366	Use of Reserves (<i>Note6</i>)	560	(2,567)	(3,127)
37,578	Net Expenditure	37,795	36,573	(1,222)
Taxation and Non-Specific Grant Income				
21,719	Precept (<i>Note 7</i>)	22,530	22,375	155
7,289	Revenue Support Grant	5,605	5,605	0
8,424	National Non-Domestic Rates (<i>Note 8</i>)	9,032	9,138	(106)
1,595	Other Income (<i>Note 9</i>)	628	771	(143)
39,027	Total Financing	37,795	37,889	(94)
Overall Position				
(1,449)	Net Position	0	(1,316)	(1,316)

The main variations are considered below:

*Note 1 - an underspend of £1.1m (which represents 4.1% of the overall **Staffing Budget**) reflects a challenging approach to vacancy management and to filling vacancies on a like for like basis. The Service was holding 45 vacancies as at 31st March 2018, comprising of operational vacancies 37, and support vacancies 12. Control staff were 4 over establishment, predominantly due to cover arrangements for long term absences. A recruitment process was carried out in February 2018, which resulted in the successful appointment of 20 firefighters, who are due to join the Service shortly. DFRS continues to be vigilant when recruiting to vacant posts, whilst taking account of the retirement profile and operational need.*

Actual expenditure provides for a 1% pay award for Support Staff for a full year and a 1% pay award for Operational, Control and On Call staff from July 2017. Additionally a Provision for a further 1% operational pay award has been established and has been charged to the 2017/2018 accounts accordingly. The NJC is currently in negotiation with the FBU in respect of the pay award for 2017/2018.

*Note 2 – **Repairs, Alterations and Maintenance of Buildings** - costs associated with the interim conversion works to Swadlincote (temporary) Fire Station, and additional unforeseen heating and boiler repairs at several locations over the winter months, result in an overspend of £206,485 on this budget heading.*

Energy Costs underspends of £63,066 are in keeping with forecasts recently reported to Fire Authority Members. Further premises related underspends include **Rates** £52,603 and **Contract Cleaning** £41,402, both of which arise through the decommissioning of the Littleover HQ site.

Rents – an overspend of £128,288 is in respect of the rental payment for the new Joint Training Centre effective from October 2017. This budget heading provides for the running costs of both the Joint Headquarters and the Joint Training Centre. The 2018/2019 rental budget for both buildings is £526,000, which provides for building costs such as Business Rates, Water, Energy, Contract Cleaning and Grounds Maintenance.

Note 3 – **Supplies and Services** - this budget heading includes Equipment, Furniture and Materials, Clothing and Uniforms, Communications and Computing, Occupational Health related costs, External Auditor Fees, Marketing and Publicity, and Insurance costs. **Communications and Computing** – significant underspends arise predominantly through delays in Tri Service related Systel maintenance payments, combined with software maintenance contracts being charged to Capital in year one of implementation.

Corresponding overspends are in relation to **Professional Fees** £58,903 and **Consultancy Fees** £27,367. A further overspend of £42,674 relates to **Cross Border** charges payable to Staffordshire Fire and Rescue Service, which are compounded by insufficient provision made in the 2016/2017 financial year. This was due to delays in resolving issues around Tri Service arrangements.

Note 4 – **Revenue Contribution to Capital**, the amount of £7.24m has been transferred to fund the DFRS Capital Programme at Outturn 2017/2018. The opposite entry is contained within the **Use of Reserves**, also shown above.

Note 5 – **Trading Company Dividend**, this underachievement of income reflects that the 2017/2018 budget was overstated and results from higher than estimated running costs of the Joint Headquarters and Joint Training Centre. The 2018/2019 Revenue Budget, as approved by Members in February 2018, has been adjusted accordingly.

Note 6 – accounting entries against this budget heading reflect the funding of the 2017/2018 Capital Programme. The **Capital Financing Deferral Reserve** has been reduced accordingly.

Note 7 – the 2017/2018 budget provided for a Council Tax Collection Fund surplus of £249,486 and an NNDR Collection Fund deficit of £32,870, as notified by the billing authorities in January 2017 for budget setting purposes. A variance of £154,350 reflects a Council Tax Collection Fund surplus of £259,424 and an NNDR Collection Fund deficit at £197,188 at outturn, as notified by the billing authorities in April 2018. This results in an overall shortfall of £154,380 which is adjusted for by way of a contribution from Earmarked Reserves.

Note 8 – overachievement of **National Non Domestic Rates** income reflects higher than anticipated Derbyshire Business Rates Pool Income and additional Government Grant funding, as notified by the Home Office in year.

Note 9 – other income variances include the balance of one-off **Government Grant** funding of £42,435 in relation to Home Office support towards the Emergency Services Network (ESN) project, **Secondment Income** of £66,408 (against a nil budget), and **Mast Income** for the Littleover site.

Capital Expenditure 2017/2018

Capital Expenditure in the year, including the operational investments in the new Joint Training Centre and Joint Headquarters, amounted to £7.4m. This is a variance of £1.2m against the revised budget of £8.6m. The capital programme was funded as follows: £7.2m from revenue and reserves, £0.01m from capital receipts and £0.2m from borrowing (operating leases).

Capital expenditure and financing is summarised in the table below:

2016/17	Capital Expenditure	2017/18
£'000		£'000
5,587	Building Projects	4,712
413	Technology Projects	125
2,311	Equipment	2,610
8,311	Total	7,447

2016/17	Financing of Capital Expenditure	2017/18
£'000		£'000
(6,446)	Revenue and Reserves	(7,240)
(482)	Capital Grant	0
(903)	Capital Receipts	(14)
(480)	Borrowing	(193)
0	Finance Leases	0
(8,311)	Total Financing	(7,447)

6. Borrowing

Total debt outstanding at 31st March 2018 was £10.2m, £10.0m of which related to borrowing that is owed to the Public Works Loan Board (PWLb) at fixed rates of interest and £0.2m relates to finance leases. No new PWLB borrowing has been undertaken in the last five years, and the Authority did not enter into any new finance leases in 2017/2018. The Authority closely monitors borrowing and looks to limit the need to borrow in line with the Medium Term Financial Strategy to ensure it is prudent and only for capital purposes.

7. Short Term Investments and Cash and Cash Equivalents

The Fire Authority holds £8.5m short term investments which represent short fixed-term deposits held with various financial institutions as covered by the Treasury Management Strategy. Total interest for the year on investments was £0.064m. The average rate of interest for investments held during 2017/2018 was 0.38% which is a decrease from 0.41% for 2016/2017. The local benchmark used by the Authority consisting of 12 Police and Fire Authorities was 0.57%, but the slightly lower return reflects the policy of keeping investments short term to allow the Authority to fund capital schemes.

8. Reserves and Balances

At 31st March 2018 the Authority had uncommitted **General Reserves** of £2.5m (£2.5m as at 31st March 2017), **Earmarked Reserves** of £5.2m (£11.1m as at 31st March 2017), a **TriControl and Emergency Services Network Reserve** of £2.0m (£1.9m as at 31st March 2017), a **Strategic Reserve** of £0.6m (£0.3m as at 31st March 2017), and an **Invest to Save Reserve** of £0.5m (£0.5m as at 31st March 2017). The Authority also had **Capital Grants Unapplied** of £1.3m. The total Reserves balance at the end of the year stands at £12.1m of which £8.3m is committed. The reserves position is subject to regular comprehensive review. A full review of reserves was undertaken as part of the Medium Term Financial Strategy 2018/2019 to 2021/2022, Medium Term Financial Plan 2018/2019 to 2021/2022, and budget setting process, and was reported to and approved by the Fire Authority in February 2018.

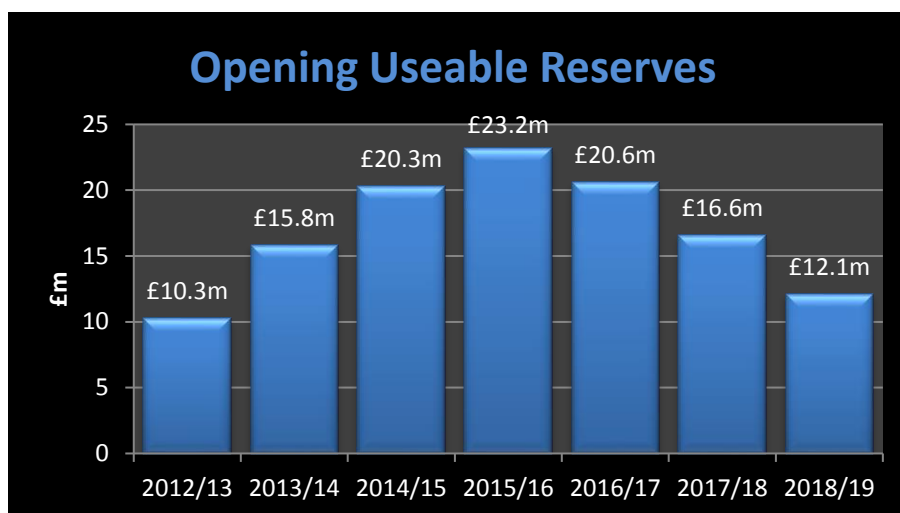
The **Capital Financing Deferral Reserve** consists principally of prior year underspends, after providing for a transfer to the **Vehicle Replacement Fund** and the **BA Training House Repairs and Maintenance Fund** in each year. The Closing Balance is £2.5m. Future Capital Grant awards and Transformation Funding opportunities remain uncertain. The Reserve will be essential in supporting the Capital Programme, the Authority's commitment to longer term planning, and the future development of the Service.

The **TriControl and Emergency Services Network (ESN) Reserve** provides for uncertainty around the Tri Control and Emergency Services Mobile Communications Programme (ESMCP), and emerging requirements. It builds capacity to support alternative mobilising systems if required, the replacement for Airwave (being ESN), and to meet other national resilience proposals.

Capital Grants Unapplied provide for the receipt of Home Office funding for the ESN project, including £831,574 in 2016/2017 and (the balance of) £167,099 in 2017/2018.

The **Strategic Reserve** is set aside to support unplanned expenditure arising from a wide range of corporate risk and business continuity matters, encompassing items such as staffing (including resilience cover), major incidents (including environmental and large scale mobilisation), legal challenge, technology, security and asset management.

The **Invest to Save Reserve** provides funding to deliver structural change and pump prime projects which require investment to deliver savings in the longer term. The reserve also provides for service and delivery improvements and is also in place to cover future delays or shortfalls in meeting savings targets.



An appropriate level of reserves remains essential in meeting the Authority's future financial challenges and will support the Authority's plans to deliver its services more efficiently to reflect the changing demography of our community. This reflects the Authority's commitment to longer-term planning and is consistent with the current review of the Authority's Capital Programme. Recent investment in a new Fire and Police Service Headquarters and the Joint Training Centre and Firing Range, and other Property, ICT and Transport strategies will affect the level of reserves held in the medium term. For every £1m saved through not having to borrow, approximately £30,000 is saved in interest payments.

9. Pension Fund (IAS 19)

An independent actuary has assessed the liabilities for pension schemes in which the Authority participates, namely the Firefighters' Pension Schemes and the Local Government Pension Scheme. The Balance Sheet includes this pension liability of £481.9m (£469.5m in 2016/2017), of which £468.4m relates to the unfunded Firefighters' Pension Scheme. The inclusion of this amount is an indication that the Authority has not paid into a fund, nor set aside amounts to fully discharge expected future pension costs at current valuations. Although the accounts include the full pension liability, it is actually incurred over many years, not in one financial year. It does not affect the Authority's ability to continue as a going concern as it refers to future liabilities which will be met by future contributions. A more detailed analysis of the Authority's pension liability can be found in Note 36.

10. Our Service Achievements

Service Key Achievements during 2017/2018

During 2017/2018, the Service is proud to say it delivered numerous key projects. They have been achieved through the dedication and hard work of personnel within the Service.

Below are just a few of our successes – (we will publish a more comprehensive review in our Annual Report 2017/2018).

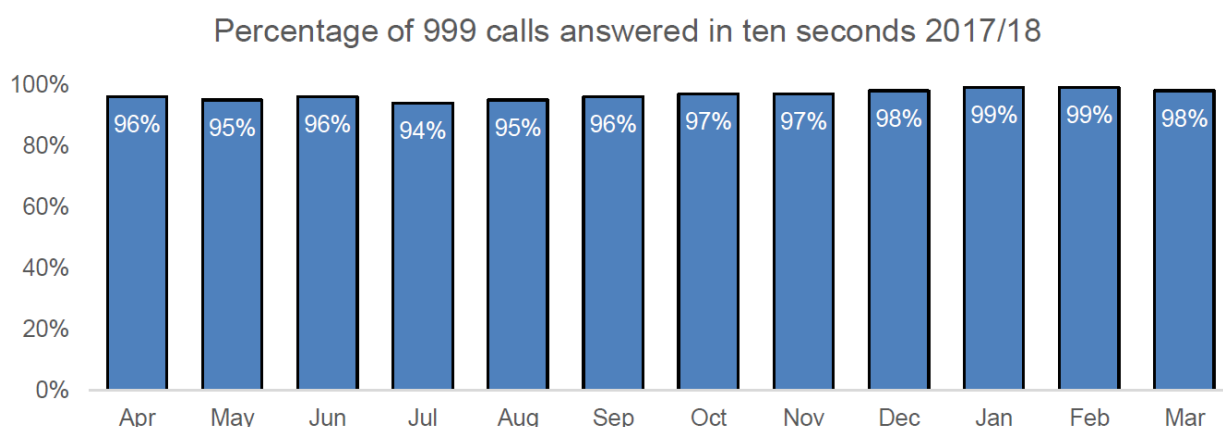
- Outcome of a change of Duty System at Matlock and Glossop, review approved;
- Outcome of the Special Appliance Review approved;
- Successful completion of new Joint Fire and Police Training Centre;
- Co-location of Police (and other partners) onto Fire Stations.

Joint Training Centre, Ripley



Our Performance

The Service monitors performance against its Key Performance Measures. These are reported to Members quarterly and align with our Integrated Risk Management Plan. Performance monitoring is captured through the Service Performance Dashboards which provide 'live' data where possible, allowing Principal Officers, Strategic Leadership Team, Authority Members and Service Managers to make truly informed decisions. Examples are shown below.



Financial Targets and Our Performance

Measure		Annual
KPM5.5	CIPFA code of governance	✓ 100% (Target: 100%)
KPM6.1	Financial strategy	✓ 100% (Target: 100%)
KPM6.2	Service expenditure	✓ £ 34.07 (Target: £ 36.33)
KPM6.3	Response expenditure	✓ £ 18.37 (Target: £ 19.19)
KPM6.4	Comm safety expenditure	✓ £ 2.87 (Target: £ 2.93)
KPM6.5	Non-operational expenditure	✓ £ 12.82 (Target: £ 14.21)
KPM6.6	Band D council tax	✓ £72.58 (Target: £72.58)

Performance Summary: 1 April – 31 March 2018

Incident activity

- The Service attended 6,500 incidents (excluding EFR), an increase of 5 incidents compared to 2016/17.
- Fire incidents increased by 7% to 2400, while false alarms attended reduced by 6% to 2,700. The Service attended 500 road traffic collisions.
- Chimney fires increased to 100 (from 70).

Incident response

- 999 calls answered within 10 seconds increased to 96.5%. Control operators mobilised to life-risk fires in 90 seconds on average.
- First pumps arrived at 83% of life-risk fires within 10 minutes of being mobilised.
- On-call availability surpassed the increased target by achieving 79.5%, while wholetime pumps were available more than 99% of the time.

Deliberate fires

- The Service missed its target by 942 by nearly 100 incidents, mainly due to spates of incidents within Clowne and Shirebrook.
- Collaborative action with the police saw incidents in Clowne and Shirebrook reduce by more than 70% between quarters 3 and 4.

Prevention activity

- 12,000 SWCs were completed, of which 92% were delivered to persons classified as vulnerable.
- 18,000 Direct Engagements were undertaken, with more than 5,000 (29%) resulting in SWCs.
- 78% of RSI properties rated 25–29 for risk have been visited within the last 3 years.
- 420 falls prevention referrals were made to the NHS.

Accidental dwelling fires

- 417 accidental dwelling fires were attended in 2017/18, the second best annual outturn since IRS records began.
- The numbers of high severity fires was 33% higher than the historical average.
- The categories 'Single people privately renting' and 'urban renters of social housing' accounted for highest number of dwelling fires per 10,000 properties.
- 84% of properties involved in accidental dwelling fires attended had a smoke alarm fitted.

Protection activity

- The Service attended fewer than 900 non-domestic false alarms – a 64% reduction since 2009/10.
- 11.8% of the commercial properties within Derbyshire saw interaction with the Service.
- False alarms due to automatic fire detection reduced by 10% from 2016/17.
- Fires attended in non-domestic premises were 11% better than average.
- 4,900 Hazard spots were completed.

Casualties in fires

- 60% of fatalities and casualties were male, rising to 70% when excluding precautionary checks and first aid.
- Of the casualties admitted to hospital, males aged between 18 and 39 were the largest age group.

Customer satisfaction

- 99.7% satisfaction rate in response to 'After the incident' surveys, SWC surveys and Business fire safety audit surveys.

11. Future Outlook

The Authority has set a balanced budget for 2018/2019 and the Integrated Risk Management Plan 2017 to 2021 sets out the Service's priorities for the next two years. In updating its Medium Term Financial Strategy, the Authority continues to monitor and assess the sensitivities and impact of proposed changes in funding mechanisms, national and regional projects, and opportunities for partnership working. The Authority continues to plan for challenges presented through the impacts of Local Government Reform, although the pace and extent of this is uncertain. Local and national initiatives include the transfer from the DCLG to the Home Office, 100% Business Rates Pilot arrangements, other effects of Business Rate Retention, the Localisation of Council Tax, the introduction of the Emergency Services Mobile Communications Programme, changes in pension related legislation, and uncertainty over future capital funding, sources of funding, and funding formulas for the Fire and Rescue Service.

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS)

On 29 March HMICFRS published its inspection framework for fire and rescue services. According to the framework, the fire and rescue service inspections will focus on three main themes: how effective a fire and rescue service is at preventing, protecting against and responding to incidents, and whether it understands future risks; whether the service provides value for money; and how able the service is to train staff, embrace diversity and develop a positive working culture. It is anticipated that the Derbyshire Fire and Rescue Service inspection will take place in Spring 2019.

Integrating Police and Fire and Rescue Services

The Policing and Crime Act 2017 received Royal Assent on 31 January 2017 and is likely to change the structure and legal status of many police bodies and FRAs. The Act will enable transfers of FRA responsibilities to the PCC through mechanisms which enable PCCs to take over the governance of their local FRA where a local case is made, establishing a new organisation.

In a joint statement to all staff, the Chief Fire Officer and the Chief Constable stated that *'with the dawn of the Police and Crime Act bringing with it the "duty to collaborate" and the introduction of new leadership structures for both fire and police, a joint statement on how we want to work together in the future and the values we share has been agreed.*

Joint Statement

Collaboration between the Police and Fire and Rescue Service in Derbyshire will be supported, led and driven where there is mutual benefit in some or all of the following areas:

- *Operational effectiveness*
- *Organisational effectiveness*
- *Efficiency savings*
- *Improved outcomes for the public.*

To make it successful, we will ensure:

- *We thoroughly understand what each of us does and our ways of working;*
- *We have shared understanding of our values and ambitions;*
- *We are realistic about the extent and timescales for sharing;*
- *We develop a culture of joint working between police and fire;*
- *We have similar expectations of our staff as they work together;*
- *We give our staff consistent messages;*
- *We encourage the freedom to explore opportunities;*
- *We maintain our individual identities.*

Both leadership teams recognise the potential benefits that can be gained from well thought out, well planned and well managed collaboration.'

Regional Collaboration

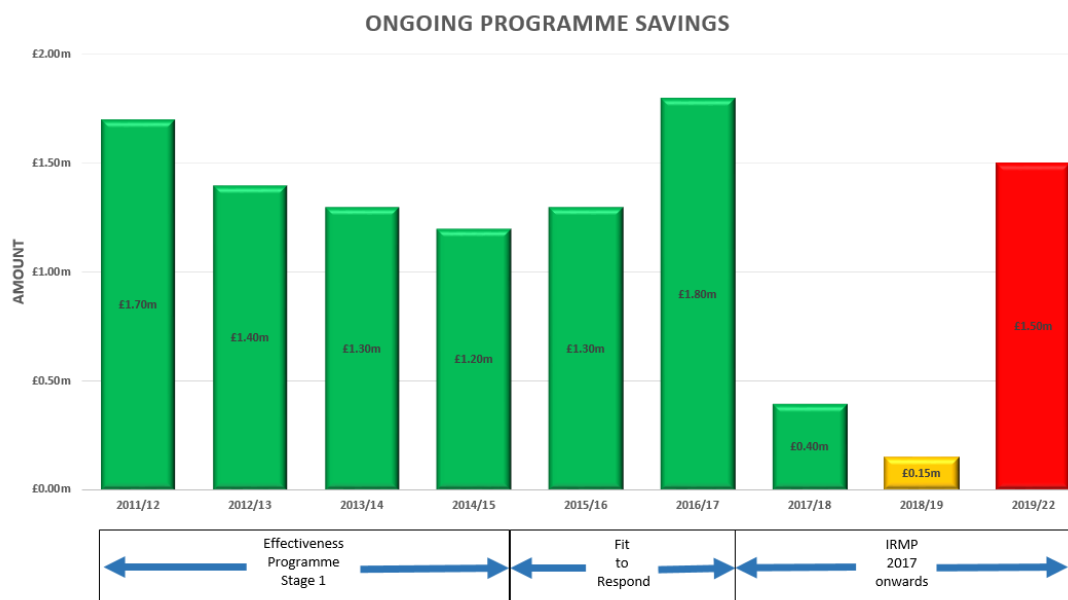
The Authority remains committed to support joint and collaborative workings with colleagues across the region and has played a prominent part in the Tri Service Control programme, as well as other regional initiatives to include cross-border workings and the dog unit.

We continue to work with Derbyshire Constabulary and East Midlands Ambulance Service, amongst others, to maximise co-locating opportunities. The Authority is also collaborating with neighbouring Fire Services, Police and Ambulance Services in the early stages of the Emergency Services Mobile Communications Programme.

In Summary

The financial crisis and associated recession resulted in a sizeable, mostly permanent, increase in borrowing. The amount of money owed by the public sector to the private sector stood at £1.7 trillion at the end of March 2018. UK economic growth slowed during 2017 as inflation rose sharply, squeezing household spending power.

Further to the announcement of the Authority's 4 year settlement in December 2015, the Authority continues to model funding reductions which result in a budget shortfall of around £1.5m over the period 2018/2019 through to 2021/2022, as set out in more detail in the Medium Term Financial Plan 2018/2019 – 2021/2022. This is kept under continual review. Significant savings successfully delivered so far demonstrate the Service's determined efforts to address the dual challenge of economic uncertainty and financial restraint, alongside greater uncertainty and risk associated with financial reform. A summary of savings achieved to date and the savings target is shown in the following graph:-



Public finances will continue to be influenced by demographic changes, the implications of which will be far reaching for DFRS as we adapt to meet the changing needs of our communities. Government spending on pensions, healthcare and Children and Adult Social Care, amongst other pressures, is greater. Growth projections remain subdued, with the Office for Budget Responsibility not expecting that growth will exceed 1.5% in the next five years. The Authority recognises that the longer term financial stability of the Service, and the protection of the communities it serves, relies upon the delivery of significant future savings through different service delivery models, and through enhanced collaboration.

Derbyshire Fire and Rescue Service continues to be diligent in its alignment of operational delivery, strategic financial planning, and financial governance in order to best serve the needs of our changing communities.

These accounts were approved by Derbyshire Fire Authority on 26th July 2018. There were no material events that might affect the statement between the Balance Sheet date and the date of approval.

Signed:

Simon Allsop

The Director of Finance/Treasurer to Derbyshire Fire and Rescue Authority

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.

The Authority has determined that the Director of Finance/Treasurer is the officer that:

- manages its affairs to secure economic, efficient and effective use of resources and safeguards its assets.
- approves the Statement of Accounts.

The Director of Finance/Treasurer's Responsibilities

The Director of Finance/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 Statement is required to present fairly, the financial position of the Authority at the accounting date and its Income and Expenditure for the year ended 31st March 2018.

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

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

The Director of Finance/Treasurer has also:

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of Derbyshire Fire and Rescue Authority at 31st March 2018 and its income and expenditure for the year ended 31st March 2018.



Signed:

Simon Allsop

The Director of Finance/Treasurer to Derbyshire Fire and Rescue Authority

Date 26 July 2018



Signed:

Councillor Kevin Buttery

Chair, Derbyshire Fire and Rescue Authority

Date 26 July 2018

DERBYSHIRE FIRE & RESCUE AUTHORITY

ANNUAL GOVERNANCE STATEMENT 2017/18

Incorporating The Statement of Assurance for the Service

“We ensure the right things are being done, in the right way, for the right people, in a timely inclusive, open, honest and accountable manner”



Foreword

Derbyshire Fire & Rescue Authority (the Authority) are proud to publish its Annual Governance Statement and Statement of Assurance for 2017/18.

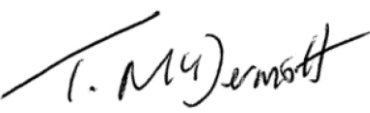
In 2016 [CIPFA](#) in association with [SOLACE](#) published a new edition of *Delivering Good Governance in Local Government Framework*. Good governance enables the Authority to pursue its vision of “*Making Derbyshire a safer place to live work and visit*” through its strategy – the Integrated Risk Management Plan 2017/21(IRMP).

This document should be read in conjunction with our [Local Code of Corporate Governance](#). We also publish a Statement of Assurance to meet the requirements of the National Framework 2012 which is included in this statement.

No significant governance issues have been identified for 2017/18.

We hope that you find this document a valuable insight into the work of the Authority in 2017/18 to meet the requirements of the framework and demonstrates the effective governance arrangements the Service has in place.



Signed 

Terry McDermott – Chief Fire Officer/Chief Executive of Derbyshire Fire & Rescue Service



Signed 

Councillor Kevin Buttery - Chair of Derbyshire Fire & Rescue Authority

Content of the Annual Governance Framework

1. Introduction to Good Governance
2. Statement of Assurance
3. Annual Governance Statement
 - a. *What is an Annual Governance Statement?*
 - b. *The Purpose of the Governance Framework*
 - c. *The Governance Framework*
 - d. *Key components of the Statement*
 - e. *Delivering against the Seven Principles - Review of Effectiveness*

1. Introduction to Good Governance

Derbyshire Fire & Rescue Authority operates its services through a Governance Framework that is adopted from the CIPFA/SOLACE Framework document 'Delivering Good Governance in Local Government 2016'.

The main body of the Authority's governance framework consists of seven principles, which in turn have a number of sub principles. These translate into a range of specific behaviours and actions that apply across the various aspects of the Service and demonstrate good governance. These principles are the foundation to the Authority's **Code of Corporate Governance**.

It is an interrelated framework that brings together an underlying set of legislative requirement, governance principles and management systems with robust arrangements for monitoring and review.

This statement summarises the governance arrangements that have been in place during the 2017/18.

2. Statement of Assurance

As a Fire & Rescue Authority, there is a requirement to publish a Statement of Assurance to our communities as stated in the [National Framework 2012](#). It requires all FRAs to provide an annual assurance to their communities on the following four key areas:

- a) financial information
- b) governance
- c) operational matters
- d) having due regard to the requirements included within framework

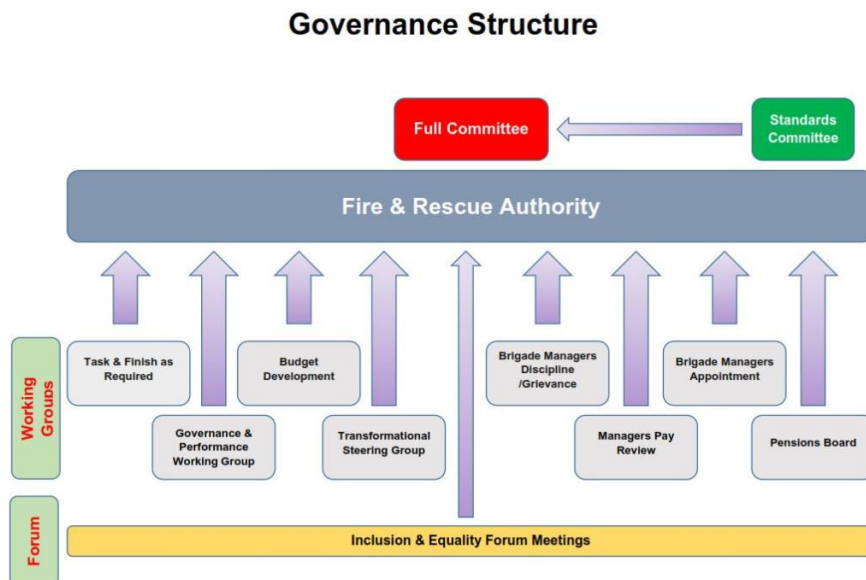
For many years, we have provided the public with an openness and transparency in these particular areas on the Service's website: www.derbys-fire.gov.uk.

a) Financial information

The Authority publishes financial information, including 'Income and Expenditure' (includes Statement of Accounts), 'Our Budget and Your Council Tax', 'Expenditure over £250' and 'Our Procurement Procedures'. This information can be obtained by clicking: [What we spend and how we spend it](#).

b) Governance

Corporate governance is about how the Authority ensures the right things are being done in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. This is demonstrated through the governance structure below which comprises of a number of working groups and forums.



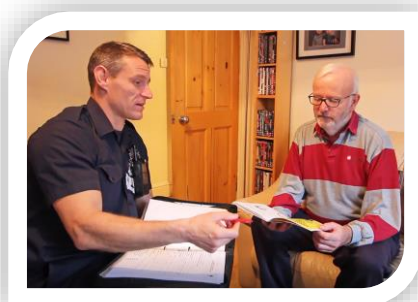
In particular, oversight of our governance and performance is provided through the [Governance and Performance Working Group](#).

The Authority also has constitutional documents which are available to view [here](#). We also have a [Data Transparency](#) site that brings together information we are required to publish under the Local Transparency Act 2015.

c) Operational Information

Fire & Rescue Authorities work within a clear, legal and policy-led framework. This is captured and delivered in the Services Integrated Risk Management Plan (IRMP) through the service delivery portfolios: Prevention, Protection and Response.

Prevention:



Conducting a Safe & Well Check.

People who work within the Prevention Portfolio work with partners, communities and individuals to develop a risk-based approach to preventing emergency situations. This is delivered through innovative prevention activities, which are targeted at those most vulnerable within our communities.

Protection:



The Protection Portfolio ensures that buildings subject to the Fire Safety Order (mainly business premises) are compliant with legal requirements.

Response:



Attending an Incident

When we respond to incidents, the aim is to provide the highest quality of service, and deal with people and incidents in a safe and professional manner. We ensure we have the right people, in the right place, at the right time, with the right equipment and training to achieve the right outcome.

d) Regard for the National Framework



- Complied with the publication of their annual statement of assurance element;
- Complied with the publication of their updated Integrated Risk Management Plan element; [\(Corporate Plans\)](#)
- Complied with the national resilience assurance elements.

The report to Parliament in July 2016 from the Home Secretary on Fire and Rescue Authorities: ***Progress with the Fire and Rescue National Framework for England*** concluded that the Authority:

The Home Office consulted upon a revised Fire and Rescue National Framework for England in December 2017– February 2018. The revised Framework provides the basis for how Fire and Rescue Services in England should operate. It embeds the government's Fire Reform Agenda, alongside provisions in the Policing and Crime Act 2017 and sets priorities and objectives for Fire and Rescue Authorities (FRAs) across England. It enables and supports Fire and Rescue Services to become more accountable, effective and professional and embed the government's reform programme.

The results of the consultation have been published and the revised framework will come into effect on 1 June 2018. [Fire and Rescue National Framework for England.](#)

3. Annual Governance Statement

This statement should be read in conjunction with the Local Code of Corporate Governance.

a. What is an Annual Governance Statement?

- A means by which an organisation ensures they are providing the right services to the right people in a timely, open, honest and accountable manner.
- An open and honest account of how an organisation ensures its financial management systems are adequate, effective and comply with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 4(3)
- An assurance that the organisation has a sound system of internal control, assuring utmost integrity in all its dealing.

The statement is published each year as part of the Statement of Accounts in July.

b. The Purpose of the Governance Framework

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

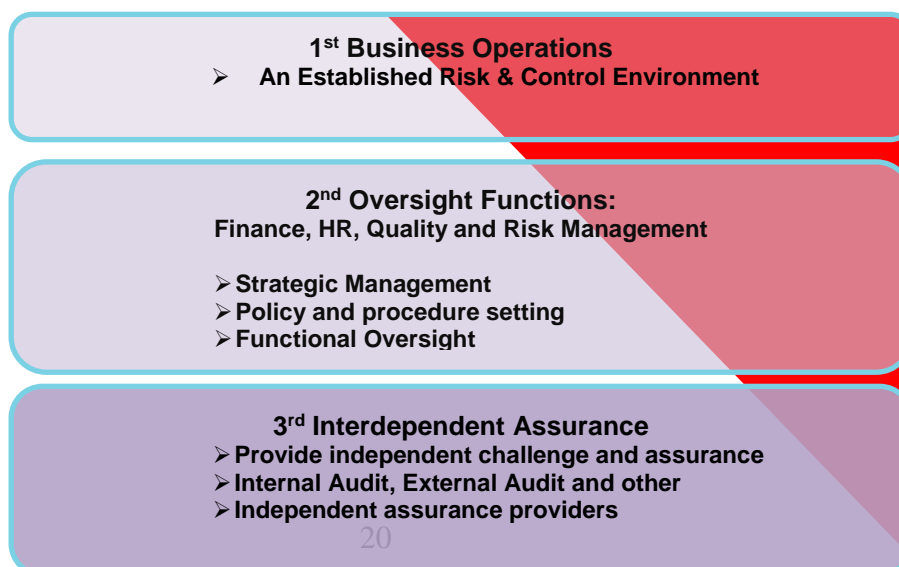
c. The Governance Framework

The main body of the Authority's governance framework consists of seven principles, which in turn have a number of sub principles. These principles are the foundation to the Authority's Local Code of Corporate Governance. It explains how we strive to achieve each principle, providing evidence of what we do as a form of assurance.

The Annual Governance Statement shows how we have reviewed and monitor these assurances annually under each principle.

The effectiveness of controls and the arrangements to cover risk diminish the further removed they are from the Services activities.

Risks and Control



d. Key Sources of Assurance



e. Delivering against the Seven Principles - Review of Effectiveness

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

➤ **Behaving with integrity**

Core Values

LEADERSHIP
We listen, develop and champion our people

RESPECT
We value the opinions of our people

INTEGRITY
Our actions will always be well intended

OPENNESS
We won't hide anything and will share our experiences and knowledge

TEAMWORK
We will achieve more together

AMBITION
We will always do the best we can



We have [Core Values](#) which detail the Authority's expectations with respect to standards of behaviour. As part of the annual work programme for the [Standards Committee](#), Member training, Code of Conduct, ethical values and Complaints/Misconduct relating to Members were discussed in September and December 2017 and March 2018.

The Authority has a robust zero tolerance strategy in place to eliminate [Bullying and Harassment](#) from the workplace. This involves strong leadership, a comprehensive set of policy documents, training for employees and a range of active and reactive measures.

A [Whistleblowing Policy](#) is in place, along with a free confidential helpline to support staff. The Solicitor manages the whistle-blowing arrangements and submits a report to the Fire and Rescue Authority annually in June. There were no whistle-blowing submissions in 2017/18.

The service procedure for Whistleblowing Public Interest Disclosure was reviewed and updated in January 2018 to include additional reference to Data Protection compliance and additional guidance.

We publish how we manage [Complaints and Feedback](#) on our external website. Internal complaints are logged and investigated in accordance with the [Service Procedure: Complaints, Feedback and Appreciation](#). They assure that all discipline, grievance & complaints under the [Dignity at Work Policy](#) are processed in accordance with this policy. Internal complaints and complaints relating to elected Members are dealt with by the [Standards Committee](#). The [Independent Community Inclusion Board](#) (ICIB) ensure we work closely and transparently with our partners and the communities.

In 2017/18 we received 15 public complaints.

➤ ***Demonstrating strong commitment to ethical values***

The Authority continues to place great emphasis upon the importance of ethical standards of elected Members. To ensure transparency and ethical standards are maintained, [the Monitoring Officer produces an Annual Report](#).

The Authority has appointed one Independent Person and can use the services of other local authorities' Independent Persons if required.

All organisations providing services or goods to the Service are expected to share our commitment to equality and carry out their duties in accordance with UK legislation.

All potential contractors are required to provide detailed information at the prequalification stage of any tendering process, which will then form part of the selection process.

A Procurement Equality Impact Assessment is undertaken to identify areas of compliance that need to be considered as part of the procurement process.

A new Ethical Trading Policy is currently under draft. This will define our commitment to ensure that the people who make our products are treated fairly, are not exploited and are not exposed to unsafe working conditions.

➤ ***Respecting the rule of law***

The Authority comply with the guidance issued by CIPFA entitled '*Statement on the Role of the Chief Financial Officer in Local Government (2016)*'.

The Director of Finance/ Treasurer is qualified and monitors the Authority's compliance with the requirements in the statement and the current arrangements ensure that the Treasurer is able to discharge their responsibilities to the Authority and influence and advice on key decisions.

We have a [Derbyshire Fire & Rescue Authority Officer / Member Protocol](#) in place that provides a guide to good working relationships between the Officers of Derbyshire Fire & Rescue Service and the Elected Members that make up

Derbyshire's Fire & Rescue Authority. Details are available at [Governance Arrangement](#) site.

The Authority Members Handbook is the strategic guide for all elected members and senior management which is updated annually at the June AGM. The handbook is available on the [Governance Arrangement](#) site.

Policies and Procedures are also reviewed according to an agreed regular review mechanism.

In 2017/18 the Service commenced a corporate review of all of its policies and procedures in line with the Her Majesty Inspectorate of Constabulary and Fire & Rescue Services and General Data Protection Regulation 2016 which will become compliant in May 2018.

The Solicitor/Monitoring Officer is qualified and annually recertified to practise as a solicitor, receives national advisory circulars, and attends regular law updates to ensure any forthcoming legislation is identified so that compliance is assured. Continuing Professional Development training ensures that a 'best practice' approach is adopted within the organisation to mitigate against the corporate risk of legislative change.

The [Anti-Fraud and Corruption Policy](#) statement and [Procedure](#) applies to all staff, Members, temporary staff and any type of contractor.

The External Audit Report from KPMG 2016/17: Report to those charged with governance confirmed the Services fraud risk is lower than Local Authorities due to anti-fraud procedures.

The Police and Crime Act 2017 received Royal Assent on 31 January 2018. It further reforms policing and enables important changes to the governance of Fire and Rescue Services to enable closer working between emergency services, improve efficiency, increase public confidence and further enhance local accountability.

Part of the Act allows the Police and Crime Commissioner (PCC) to attend Fire & Rescue Authority meetings. The Derbyshire PCC / Deputy PCC attends authority meetings as a co-opted Member of the Authority with no voting rights.

'No significant issues have been identified in respect of the principle'.

Principle B: Ensuring openness and comprehensive stakeholder engagement.

➤ **Openness**

We demonstrate our commitment to openness and transparency through the [Data Transparency](#) site which aligns to the Local Transparency Act 2015. We have recently launched a site which captures our Governance Arrangement detailing what measure we have in place to underpin the key principles of good governance.

When we make decisions, we capture and publish them through our [Fire & Rescue Authority meetings](#), other authority working groups. The Annual General Meeting of the Authority takes place in June where key reviews and decision-making processes are undertaken.

➤ *Engaging comprehensively with institutional stakeholders*

We publish a comprehensive range of [Corporate Plans](#) on the external website that informs the public of who we are and how we operate. Part of this site incorporates an area where we [consult](#) with our stakeholders as and when necessary as part of the decision-making process.

Partnership Register

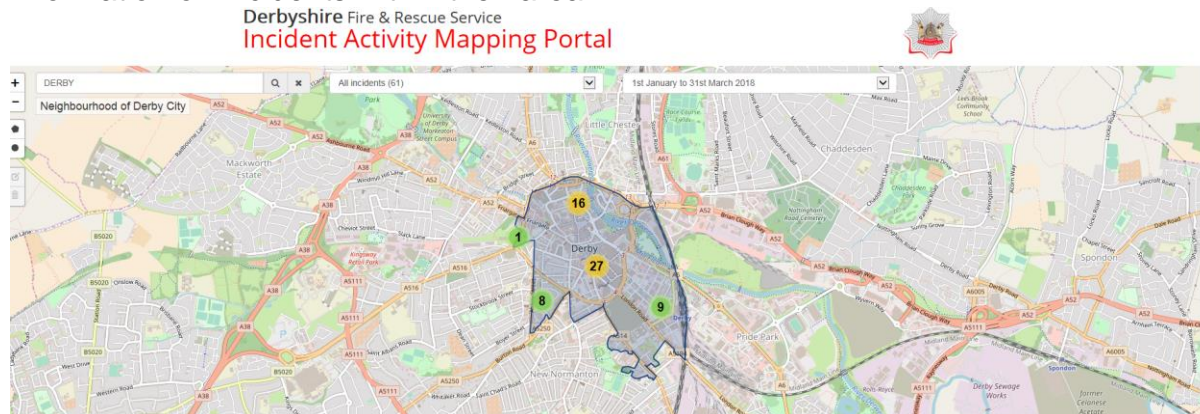
We work in partnership with a range of organisations from the private, public and third sectors. These partnerships ensure effective and collaborative delivery of our services.

We reviewed and implemented improvements to our internal Partnership Register including category type of the partnership and updating data sharing agreements in line with General Data Protection Regulation. We also established clearer outputs / outcomes and implemented automated alerts for updates.

The Authority has established clear channels of communication with its communities and other stakeholders at both a strategic and local level. There are many partnerships within the Service that are available to view at [Our Partnerships](#).

Incident Mapping Portal

We introduced an [Incident Mapping Portal](#) showing the approximate/anonymised location of incidents attended within Derbyshire. The system has been developed in line with the Police crime map to enable DFRS to work closely with Derbyshire Constabulary to target areas of concern. It enables our communities to access information on incidents within their area.



Safeguarding Group

A new Internal Safeguarding Group was established with appropriate governance arrangements. The group meet quarterly with the actions/outcomes reported in the annual report submitted by the Monitoring Officer in June.

Joint Training Centre, Police, Ripley



Following approval at the Authority in 2015/16, the new joint training centre opened in December 2017. The new Joint Training Centre has state of the art facilities which are shared by both the Police and Fire services.

The governance arrangements for the building is part of the Derbyshire Police Fire Partnership (DPFP) Limited Liability Partnership (DPFP LLP).

Tri Service Control Project

The Authority acts as the accountable body to the Tri Service Control Project which covers Leicestershire, Nottinghamshire and Derbyshire fire control functions, with the Director of Finance/ Treasurer monitoring expenditure on behalf of the three authorities through an agreed accountable body agreement.

The in-life governance arrangements for the Tri Control Project are now in place and established.

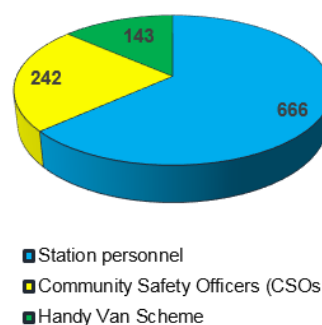
Replacement of the Emergency Services Network (ESN)

The current technical solution delivers secure communications over the existing TETRA based (Airwave) network. This network is due to be replaced through a National programme to a commercially based 4G network. As part of the East Midlands Region, we are expecting to transition onto the new network from December 2019. We have established local and regional project management to implement the change and manage any associated risks caused by the direction given by Central Government Departments on the network change.

‘Safe and Well Checks’

As part of our continued commitment to the health, wellbeing and safety of our communities, we conduct Safe & Well visits. These checks incorporate and identify health and care needs that can be signposted to other services who can help. This has enabled us to work even closer with partner agencies by signposting those needing access to other services. In 2017/18 we conducted 12,038 Safe and Well Checks, of which 1,051 households were signposted to other agencies.

Number of Safe & Well Checks referred by personnel to other agencies



➤ **Engaging stakeholders effectively, including individual citizens and service users**

When we carry out public consultation, we conduct and publish the information on our website under: [Have Your Say.](#)

Derbyshire Fire & Rescue Service Internal Cultural Survey – Results of Engagement Survey

In December, the Service commissioned an external company to undertake an internal cultural survey.

The questionnaire was designed to measure people’s attitudes and beliefs concerning key employee engagement issues. Each section of the survey contained a series of statements to which respondents were asked to indicate their level of agreement from a five point likert scale (strongly agree to strongly disagree).

The survey took place between 4 December 2017 and 12 January 2018.
Below is an extract from a presentation showing the top 10 results from the survey.



Full details of the cultural survey were shared with the Service through the [Internal Circular from the CFO/CE](#)

Proposal to Change the Duty System at Matlock and Glossop

In 2017/18, we conducted consultation at Matlock and Glossop to obtain the views of the communities on a change of duty system at both Fire Stations. It involved electronic and public consultation.

Matlock



Glossop



The [results](#) were presented to Fire Authority in March 2018 with the Authority deciding to implement changes to the shift system.

Budget consultation

At its meeting on 7 December 2017, the Fire Authority considered the Medium Term Financial Strategy for 2018/2022 which included a draft budget strategy.

This was published on our external website [‘Have Your Say’](#) with a view to give our communities the opportunity to provide any comments and suggestions in relation to the strategy, **including:**

- The proposal to increase Council Tax by just under 2%, equivalent to £1.43 per household for a Band D property.
- The proposal to increase Council Tax by just under 3%, equivalent to £2.15 per household for a Band D property.

At its meeting on 7 December 2017, the Fire Authority considered the Medium Term Financial Strategy 2018/2019 to 2021/2022.

The Government also announced on 19 December that the previous limit on council tax increases of 2% before the need for a referendum has been increased to 3%.

The Authority approved an increase of 2.99% in the Fire Authority’s share of council tax.

External Customer Satisfaction Surveys undertaken in 2017/18

The Service recognises the importance of ensuring the quality of its services meet the needs and requirements of its communities. To this end, the Service provides an opportunity for customers to complete a satisfaction survey depending on the services used.

Below are the current satisfaction surveys with the results for each quarter in 2017/18.

Customer Satisfaction Survey Type	Q1	Q2	Q3	Q4
After the Incident	89% (16)	100% (10)	88% (15)	Not available
Safe & Well Check	100% (67)	100% (118)	100% (60)	100% (131)
Business Fire Safety Audit	100% (17)	100% (32)	100% (26)	100% (35)

The overall satisfaction level was over 99%.

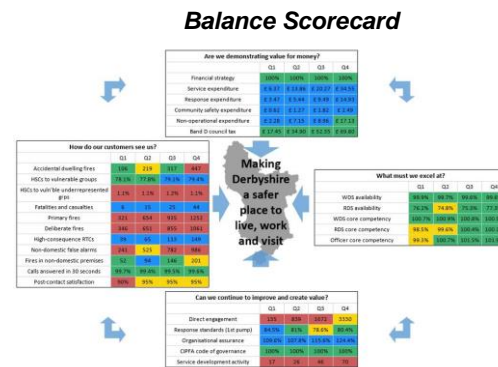
‘No significant issues have been identified in respect of this principle’.

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.

➤ Defining outcomes

Our [Vision, Service Priorities and Core Values](#) are based on external drivers and consultation feedback relating to what local people say matters most to them. The Strategic Planning Cycle process identifies how we plan and produce our strategy, the Integrated Risk Management Plan ([IRMP 2017 - 21](#)). The plan has a yearly strategic action plan, underpinned by department plans.

Our key activities are linked to Key Performance Measures (KPMs) which are managed through the Performance Dashboard (see Principle F). This ultimately is combined and collated onto a Balance Scorecard which provides a holistic view of our performance in achieving our vision of making Derbyshire a safer place to live work and visit.



Our KPMs are reviewed annually to ensure they are appropriately aligned to our risks and measure what we need to know. Any changes are presented to Fire Authority.

➤ **Sustainable economic, social and environmental benefits**

The Authority has an Asset Management Plan based on an assessment of the condition of stock and a Capital Programme that ensures the Authority takes account of the economic and environmental impact. Our Capital Budget and Capital Programme monitoring is regularly reviewed at Fire & Rescue Authority meetings [Capital Programme \(Page 66\)](#). Future year capital programmes and financing decisions are updated as more information becomes available throughout the year. The Authority continues to fund its capital programme in line with its agreed Medium Term Financial Strategy 2018 - 22 and will consider the funding options available to meet the proposed capital construction programme.

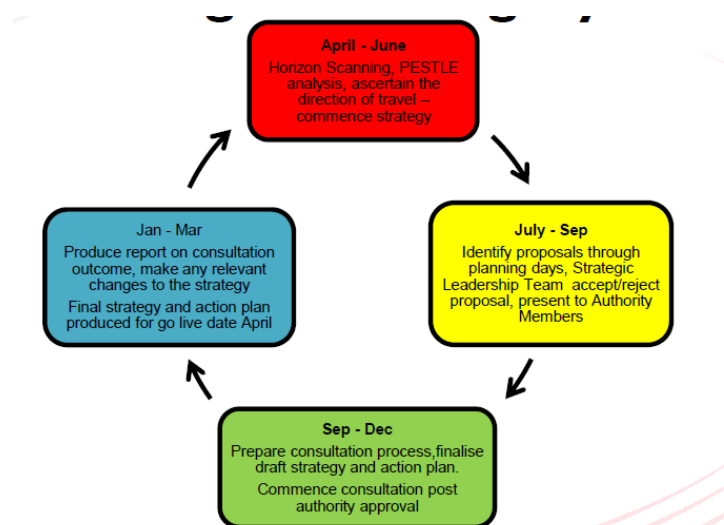
‘No significant issues have been identified in respect of this principle’.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

➤ **Determining interventions**

As part of the first stage of the planning cycle, we carried out an analysis of the internal and external factors that may potentially impact on the Service.

For 2017/18 the Home Office published a draft Fire & Rescue National Framework for England for consultation. This included how reforms should work in practice, such as, the role and responsibilities of the new inspectorate for Fire and rescue and the National Fire Chiefs Council with how services should in turn engage with them. Also how the provisions in the Policing and Crime Act 2017 on emergency services collaboration and changes to fire and rescue governance should apply.



➤ ***Planning Intervention***

The Strategic Planning Cycle sets out our planning process and dates of when key decision-making meetings take place. There are clear Member committee/working groups structured within the Authority that have defined terms of reference and roles and responsibilities – full details are available in the [Members Handbook 2016/17](#). Records of decisions made and supporting information can be viewed below:

- [Governance and Performance Working Group](#)
- [Standards Committee](#)
- [Inclusion & Equality Forum](#)

Reports from these groups are submitted to the next Authority meeting and captured through the [DFRA Meeting minutes](#).

We also have a member-led Transformation Steering Group (TSG) which is a ‘non-decision making’ sounding board who work with senior officers. Terms of reference are available in the Members Handbook 2017/18.

➤ ***Optimising achievement of intended outcomes***

The Medium Term Financial Strategy integrates and balances service priorities, affordability and other resource constraints. This ensures the budget process is all-inclusive, taking into account the full cost of operations over the medium and longer term.

The Governance and Performance Working Group (GPWG) acts as a scrutiny panel for the Authority and is pro-active in ensuring that the principles and values of good governance are progressed and demonstrated throughout the Service. Terms of Reference are available [here](#).

‘No significant issues have been identified in respect of this principle’.

Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it.

➤ ***Developing the entity’s capacity***

The Service’s IRMP assesses the Services capacity to address the risks facing Derbyshire.

Working with Derbyshire Constabulary

Since the completion of the joint headquarters and joint training centre, both Leadership Teams have been working with Shared Architect to explore opportunities of how they can work more collaboratively. They have agreed some key principles in terms of their commitment and support to achieve this through a joint Chief Officers statement.

Joint Chief Officers statement (April 2017)

Joint Statement

Collaboration between the Police and the Fire and Rescue Service in Derbyshire will be supported, led and driven where there is a clear improvement to some or all of the following:

- ✧ *Operational effectiveness*
- ✧ *Organisational effectiveness*
- ✧ *Efficiency savings*
- ✧ *Improved outcomes for the public.*

In pursuit of effective collaboration we will strive to ensure:

- ✧ *We develop a culture of joint working between police and fire*
- ✧ *We will have similar expectations of our staff as they work together*
- ✧ *We will ensure our staff receive consistent messages*
- ✧ *We will encourage the freedom to explore opportunities*
- ✧ *We will maintain our individual organisational identities*

Several meetings have taken place and ten projects have been identified as areas of opportunities of working together. These projects will now be scoped to explore how this can be achieved to ensure that the joint approach provides efficient and effective service deliver to achieve joint outcomes.

Use of Assets

Continuing on the theme of collaboration, below are a number of, but not all, successful collaborative working arrangements to date:

- Shared Environmental Unit and Incident Command Pod with Nottingham FRS
- Working with Nottingham FRS when procuring / reviewing fire kit
- Shared procurement of printers and waste disposal with Derbyshire Constabulary.
- **Joint Fire / Police Head of Assets**

A plan to provide this support was agreed by the Authority in 2017 with an agreed secondment for Area Manager Corporate Services to act as both Police and fire strategic estates/property management.

- **Derbyshire Constabulary / East Midlands and North West Ambulance Services (EMAS/NWAS)co-locating on Derbyshire Fire Stations**

We continue to work with Derbyshire Constabulary and the Ambulance Service to look at opportunities to co-locate onto Fire Stations. This programme of works is funded by the Police / Ambulance to accommodate their team, along with agreed principles and protocols in place.

EMAS have been co-located at New Mills Fire Station for many years, as well as having some accommodation at Ascot Drive, Long Eaton, Staveley and Bolsover Fire Stations.

To date, Derbyshire Constabulary are co-located at Ashbourne and Bakewell Fire Stations, with several more taking place next year. This has created the opportunity for Community Safety Officers from Fire and Police to work more closely together.

People Strategy

We have completed year three of three of delivering Our People Strategy which looked at the capacity and capability to deliver a modern Fire & Rescue Service for our communities.

Key achievements included;

- Procured 'lperform', an online e-learning programme that provides essential skills, leadership, teamwork habits and mind-set for managers.
- Defined appropriate leadership programme for middle management
- Provided refresher mentoring training to identified managers
- Identified service-wide planning requirements in the Workforce Plan
- Delivered a Positive Action campaign prior to our whole-time recruitment
- Successfully delivered a whole-time recruitment campaign
- Developed a new interview skills training programme.

Our workforce requirements are managed through the Workforce Planning Group. The scrutiny of operations, performance and use of assets are monitored through the GPWG and Authority meetings.

➤ ***Developing the entity's leadership***

The Monitoring Officer has conducted training for Members in relation to carrying out their role periodically throughout 2017/18. The Director of Finance/ Treasurer has specific responsibilities in respect of any unlawful expenditure covered in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). Elected Members have had many development opportunities throughout the year. Some examples include:

- External development opportunities such as: LGA Fire Conference, CFA Fire Conference, LGA specific leadership development opportunities, and events held through the Fire Service College.
- Elected Members joining Principal Officers on visits to fire stations and offices to meet our employees and receive feedback.
- The buddy scheme provides Members with a direct contact to a representative of the Strategic Leadership Team to keep them updated on Fire & Rescue Service matters and answer any queries Members may have between meetings.

➤ ***Developing the capability of individuals within the entity***

Our employees are the most valuable asset we have. The [Training Plan site](#) provides information and tools to help ensure competence through the provision of training provided by Operational Training.

We have a [Management Leadership Development Programme](#) which is designed to ensure that we select the best possible candidates for all promotion and progression, and that the process is consistent, fair, open and transparent.

We also have a [Performance Appraisal and Development Review](#) process referred to earlier.

We have a '[Well 4 Work](#)' site which is an internal intranet platform that provides information, guidance and support for employees around Occupational Health, Fitness, Health & Lifestyle, Attendance Management and Wellbeing. [Attendance Management Policy and Procedure](#) .

This ensures arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.

In line with new legal requirements, we presented a [Gender Pay Gap Report](#) to Fire Authority in March 2018.

The Gender Pay Gap report must be published by 31 March (each year) with the first report: 31 March 2018. These requirements must be adhered to but the Service can handle the process as part of the wider Public Sector Equality Duty work or Equality Strategy. Work in preparation for this will be reported to both the Inclusion and Equality Forum and the Governance and Performance Working Group for scrutiny.

‘No significant issues have been identified in respect of the principle’.

Principle F: Managing risks and performance through robust internal control and strong public financial management.

➤ **Managing risk**

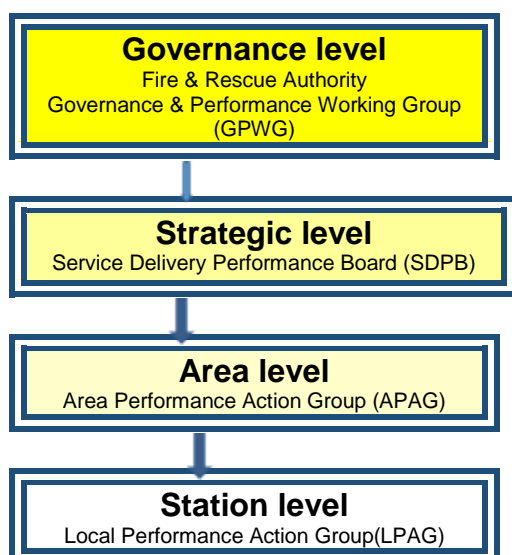
Corporate risk management is a central role of the Strategic Leadership Team (SLT) and is the process whereby the Service methodically address the risks attached to its activities. To achieve this, the Service has a dynamic Corporate Risk Register (CRR) that identifies the threats and opportunities that could impact on its Service Priorities.

A review of our corporate risks was undertaken. The outcome identified five corporate risks as being managed with control measures in place and at an acceptable level that they are no longer deemed as being a strategic risk to the Service.

Managing performance

Performance monitoring is captured through the Service Performance Dashboards which provide 'live' data where possible within the organisation allowing service managers and Authority Members to make truly informed decisions. This has increased the level of transparency and scrutiny within the Service.

Service Delivery Performance Board Structure



Authority Members have the opportunity to, and have attended the Service Delivery Performance Board meetings.

The introduction of a balanced scorecard approach to performance management integrates four key principles:

- Are we demonstrating value for money?
- What must we excel at?
- Can we continue to improve and create value?
- How do our customers see us?

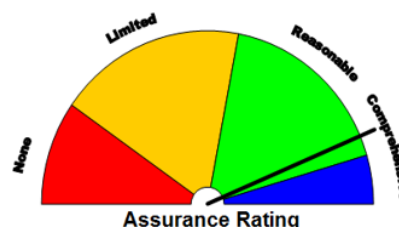
[Link to Our Performance](#)

The Service is part of the National Family Group 4 forum which comprises of Fire & Rescue Services which have the same demographics as DFRS. The Service use this as a means of benchmarking areas of performance management.

Publication of report dates, agendas and meeting minutes: [The Authority Meetings](#)

➤ **Robust internal control**

Financial Management arrangements have been reviewed by internal audit and are embedded. The annual Internal Audit opinion for 2017/18 confirmed 'an acceptable level of assurance' is in place. Active budget monitoring takes place at all levels of the Service and regular and comprehensive reporting takes place to the full Authority.



Audit Opinion 2017/18

Based on the work undertaken during the year, I have reached the overall opinion that there is a **Satisfactory System of Internal Control** - Findings indicate that on the whole, controls are satisfactory, although some enhancements may have been recommended.

Business Continuity

All Business Continuity Local Recovery Plans are amended by 01 April each year. This enables a more robust audit mechanism of plans in date and are reported by means of a specific performance indicator. Improvements have been made by means of an electronic management process to update our plans.

➤ **Managing data**

Information Governance is a combination of legal requirements, policy and best practice designed to ensure all aspects of information processing and handling are of the highest standards. It is the responsibility of Members and officers to comply with the law and Audit checks are carried out on Information Governance and assignment of responsibilities for information governance issues to highlight areas for improvement and make recommendations.

In 2017/18, we commenced a project to implement requirements for the General Data Protection Regulation 2016 which became compliant on 25 May 2018. Steps we have taken include:

- Designed a designated site on our intranet system
- Conducted a Data Mapping exercise
- Review/updated policies, procedures and privacy notices
- Visit stations to inform them of GDPR
- Directive training on GDPR for all staff/elected members
- Regular updates communicated in the weekly bulletin
- Commenced working with Derbyshire Police on joint communication messages.

➤ **Strong public financial management**



The Authority has a [Medium Term Financial Strategy](#) in place from 2018-22 and the latest Internal and External Audit reports have identified that strong financial management arrangements are in place. The Budget Development Working Group meets to consider the draft medium term financial strategy and draft budget in advance of the Fire Authority meetings.

[What we spend and how we spend it](#)

‘No significant issues have been identified in respect of this principle’.

Principle G: Implementing good practices in transparency reporting, and audit to deliver effective accountability.

➤ **Implementing good practice in transparency**

A New Governance Assurance site on our external Website



Governance Documents

To meet the requirements of good governance, DFR must produce and submit key reports and documentation to support how good governance is achieved and monitored.

- **Local Code of Corporate Governance**
- **Annual Governance Statement**
- **Documenting the Statement of Assurance**

As part of reviewing how we publish our governance documents, a new site has been created on our external website which captures all key governance documents in one area.

It will enable our communities to access these documents with ease and include a link to the [Data Transparency](#) site.

Other improvements

We reviewed our Code of Corporate Governance and changed this to a Local Code of Corporate Governance demonstrating to our communities what assurances we have in place for each core principle.

We also incorporated our Statement of Assurance within the Annual Governance Statement.

Implementing good practices in reporting –

This information is available under Principle D and the following links show the reports the Authority produces:

[Annual Report 2016/17](#)

Annual Report 2017/18 (*to be published July 2018*)

[Committee Annual Work Programme 2017/18](#)

➤ ***Assurance and effective accountability***

The Service has an independent Head of Internal Audit via the Central Midlands Audit Partnership, of which we are a partner, who carry out a schedule of internal audit activities. In 2017/18, an independent consultant undertook an assessment over a few months and concluded that the Central Midlands Audit Partnership was compliant with auditing standards but highlighted a few areas of improvement.

A fundamental role of Internal Audit is to provide Members and senior management with independent assurance on the Authority's overall control environment, comprising the systems of governance, risk management, and internal control and to highlight control weaknesses together with recommendations for improvement. The Annual Internal Audit opinion includes the independent assessment of Internal Audit against the CIPFA Internal Audit Standards, which shows that overall, the function comply with the Standard but with some areas for further improvement.

Investment

The Authority participates in the benchmarking group organised by the Treasury Management Consultants, Arlingclose.

External Audit

The Authority's accounts are subject to an annual external audit by *KPMG under the Accounts and Audit regulations 2015*.

The Authority's External Auditors have consistently issued unqualified audit reports and positive Annual Audit Letters to Members. It is a statutory requirement under Section 33 of the Local Government Finance Act for the Authority to produce a balanced budget.

In 2017/18, the Accounts and Audit Regulation 2015 require that with effect from the 2017/18 financial year, the Statement of Accounts should be audited and published no later than 31 July (previous 30 September) following the end of the financial year to which the statement relates.

➤ ***Significant Audit Risks***

There are no significant value for money risks identified by External Audit for 2017/18.

The Single Entity Financial Statements

DFRS Single Entity Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Authority raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2016/17			2017/18		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
29,863		29,863	32,429		32,429
3,437		3,437	2,482		2,482
1,367		1,367	1,352		1,352
3,916		3,916	3,416		3,416
2,112		2,112	3,757		3,757
	(1,634)	(1,634)		(707)	(707)
40,695	(1,634)	39,061	43,436	(707)	42,729
			Cost of Services		
		(33)			(1)
		13,821			12,797
		(46,888)			(45,087)
		5,961			10,438
			(Surplus)/Deficit on provision of services		
		79,669			2,841
		(587)			(53)
		79,082			2,788
			Other Comprehensive Income and Expenditure		
		85,043			13,226
			Total Comprehensive Income and Expenditure		

DFRS Single Entity Movement in Reserves Statement

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

Movement in Reserves during 2017/2018

	General Fund Balance £000	Earmarked General Reserves £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance as at 31 March 2017 brought forward	(2,500)	(13,774)	(318)	(16,592)	410,385	393,793
(Surplus) or Deficit on provision of services	10,438	0	0	10,438	0	10,438
Other Comprehensive Income and Expenditure				0	2,788	2,788
Total Comprehensive Income and Expenditure	10,438	0		10,438	2,788	13,226
Adjustments between accounting basis & funding basis under regulations (Note 9)	(4,972)		(999)	(5,971)	5,971	(0)
Net (Increase)/Decrease before Transfers to Earmarked Reserves	5,466	0	(999)	4,467	8,759	13,226
Transfers to/(from) Earmarked Reserves (Note 10)	(5,466)	5,466		0		0
(Increase)/Decrease in Year	0	5,466	(999)	4,467	8,759	13,226
Balance as at 31 March 2018 carried forward	(2,500)	(8,308)	(1,317)	(12,125)	419,144	407,019

Movement in Reserves during 2016/2017 Restated

	General Fund Balance £000	Earmarked General Reserves £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance as at 31 March 2016 brought forward	(2,500)	(17,336)	(800)	(20,636)	329,386	308,750
(Surplus) or Deficit on provision of services	5,961	0	0	5,961	0	5,961
Other Comprehensive Income and Expenditure	0	0	0	0	79,082	79,082
Total Comprehensive Income and Expenditure	5,961	0	0	5,961	79,082	85,043
Adjustments between accounting basis & funding basis under regulations (Note 9)	(2,399)		482	(1,917)	1,917	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	3,562	0	482	4,044	80,999	85,043
Transfers to/(from) Earmarked Reserves (Note 10)	(3,562)	3,562	0	0	0	0
(Increase)/Decrease in Year	0	3,562	482	4,044	80,999	85,043
Balance as at 31 March 2017 carried forward	(2,500)	(13,774)	(318)	(16,592)	410,385	393,793

DFRS Single Entity 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'.

31st March 2017 £000 Restated		Notes	31st March 2018 £000
53,951	Property, Plant & Equipment	14	57,046
5,982	Investment Property	15	1,800
1,927	Intangible Assets	16	1,630
8,294	Investment in Joint Venture	32	12,654
70,154	Non-Current Assets		73,130
279	Inventories	18	295
6,540	Short Term Debtors	19	7,516
15,500	Short Term Investments	17	8,500
1,592	Cash & Cash Equivalents	20	2,291
0	Assets Held for Sale		0
23,911	Current Assets		18,602
0	Bank Overdraft & Cash	20	0
(246)	Short Term Provisions	22	(389)
(679)	Short Term Borrowing	17	(679)
(7,056)	Short Term Creditors	21	(6,216)
(162)	Deferred Liabilities	17	(162)
(8,143)	Current Liabilities		(7,446)
0	Long Term Provisions		0
(10,010)	Long Term Borrowing	17	(9,331)
(204)	Deferred Liabilities	17	(42)
(469,501)	Net Pension Fund Liability	24	(481,932)
(479,715)	Non-Current Liabilities		(491,305)
(393,793)	Net Assets		(407,019)
16,593	Usable Reserves	10	12,125
(410,386)	Unusable Reserves	24	(419,144)
(393,793)	Total Reserves		(407,019)

DFRS Single Entity Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority. The Cash Flow Statement has been prepared using the indirect method.

2016/17		2017/18
£000		£000
(5,962)	Net surplus or (deficit) on the provision of services	(10,438)
12,381	Adjustments to net surplus or deficit on the provision of services for non-cash movements	12,232
(903)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(14)
<hr/> 5,516	Net Cash Flows From Operating Activities (Note 25)	<hr/> 1,780
(8,496)	Net Cash Flows From Investing Activities (Note 26)	(240)
(876)	Net Cash Flows From Financing Activities (Note 27)	(841)
<hr/> (3,856)	Net increase or (decrease) in cash and cash equivalents	<hr/> 699
5,448	Cash and cash equivalents at the beginning of the reporting period	1,592
<hr/> 1,592	Cash and cash equivalents at the end of the reporting period (Note 20)	<hr/> 2,291

The DFRS & DPFP LLP Group Financial Statements

The Group Accounts incorporate the activities of the DPFP LLP which is a joint venture with Derbyshire Police used to provide both organisations with a joint headquarters and joint training centre. DFRS currently has a 44.25% share of the net assets of the DPFP LLP. The Group Accounts are limited to the Comprehensive Income and Expenditure Statement, Balance Sheet and Movement in Reserves Statement. The Group Accounts have been produced using the equity method to reflect the nature of the partnership.

DFRS & DPFP LLP Group Comprehensive Income and Expenditure Statement

This statement shows the Group position in accordance with generally accepted accounting practices.

2016/17				2017/18			
Gross Expenditure £000	Gross Income £000	Restated Net Expenditure £000	Net Expenditure		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
29,863	0	29,863	29,863	Employees	32,429	0	32,429
3,437	0	3,437	3,437	Premises	2,482	0	2,482
1,367	0	1,367	1,367	Transport	1,352	0	1,352
3,916	0	3,916	3,916	Supplies and Services	3,416	0	3,416
2,112	0	2,112	2,112	Other	3,757	0	3,757
0	(1,634)	(1,634)	(1,634)	Income	0	(707)	(707)
40,695	(1,634)	39,061	39,061	Cost of Services	43,436	(707)	42,729
		(33)	(33)	Other operating expenditure (Note 11)			(1)
		13,821	13,821	Financing and investment income (Note 12)			12,797
		(46,888)	(46,888)	Taxation and Non-Specific Grant Incomes (Note 13)			(45,087)
		5,961	5,961	(Surplus)/Deficit on provision of services			10,438
		(15)	(15)	Share of (Surplus)/Deficit on provisions of services by LLP			(72)
		5,946	5,946	Group (Surplus)/Deficit			10,366
		79,669	79,669	Remeasurement of the net defined benefit liability / (asset)			2,841
		(587)	(587)	(Surplus) or deficit on revaluation of PPE			(53)
		464		(Surplus) or deficit on revaluation of PPE by LLP			67
		79,546	79,082	Other Comprehensive Income and Expenditure			2,855
		85,492	85,028	Total Comprehensive Income and Expenditure			13,221

DFRS & DPFP LLP Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the DFRS & DPFP LLP Group, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Surplus) or Deficit on the Provision of Services shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net (Increase)/ Decrease before Transfers to Earmarked Reserves shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Group.

Movement in Reserves during 2017/2018

	General Fund Balance £000	Earmarked General Reserves £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance as at 31 March 2017 brought forward	(2,046)	(13,774)	(318)	(16,138)	410,385	394,247
(Surplus) or Deficit on provision of services	10,433			10,433		10,433
Other Comprehensive Income and Expenditure				0	2,788	2,788
Total Comprehensive Income and Expenditure	10,433	0		10,433	2,788	13,221
Adjustments between accounting basis & funding basis under regulations (Note 9)	(4,972)		(999)	(5,971)	5,971	(0)
Net (Increase)/Decrease before Transfers to Earmarked Reserves	5,461	0	(999)	4,462	8,759	13,221
Transfers to/(from) Earmarked Reserves (Note 10)	(5,466)	5,466		0		0
(Increase)/Decrease in Year	(5)	5,466	(999)	4,462	8,759	13,221
Balance as at 31 March 2018 carried forward	(2,051)	(8,308)	(1,317)	(11,676)	419,144	407,468

Movement in Reserves during 2016/2017 Restated

	General Fund Balance £000	Earmarked General Reserves £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance as at 31 March 2016 brought forward	(2,495)	(17,336)	(800)	(20,631)	329,386	308,755
(Surplus) or Deficit on provision of services	6,410	0	0	6,410	0	6,410
Other Comprehensive Income and Expenditure	0	0	0	0	79,082	79,082
Total Comprehensive Income and Expenditure	6,410	0	0	6,410	79,082	85,492
Adjustments between accounting basis & funding basis under regulations (Note 9)	(2,399)	0	482	(1,917)	1,917	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	4,011	0	482	4,493	80,999	85,492
Transfers to/(from) Earmarked Reserves (Note 10)	(3,562)	3,562	0	0	0	0
(Increase)/Decrease in Year	449	3,562	482	4,493	80,999	85,492
Balance as at 31 March 2017 carried forward	(2,046)	(13,774)	(318)	(16,138)	410,385	394,247

DFRS & DPFP LLP Group Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Group 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 Group 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'. The restatement shows the DFRS share of DPFP LLP net assets rather than the DFRS investment in DPFP LLP plus its share of DPFP LLP "Other Reserves".

31st March 2017 £000	Restated 31st March 2017 £000		Notes	31st March 2018 £000
53,951	53,950	Property, Plant & Equipment	14	57,046
5,982	5,982	Investment Property	15	1,800
1,927	1,928	Intangible Assets	16	1,629
8,304	7,719	Investment in Joint Venture	32	12,253
70,164	69,579	Non-Current Assets		72,728
279	279	Inventories	18	295
6,540	6,540	Short Term Debtors	19	7,516
15,500	15,500	Short Term Investments	17	8,500
1,592	1,592	Cash & Cash Equivalents	20	2,291
0	0	Assets Held for Sale		0
23,911	23,911	Current Assets		18,602
0	0	Bank Overdraft & Cash	20	0
(246)	(246)	Short Term Provisions	22	(390)
(679)	(679)	Short Term Borrowing	17	(679)
(7,056)	(7,056)	Short Term Creditors	21	(6,216)
(162)	(162)	Deferred Liabilities	17	(162)
(8,143)	(8,143)	Current Liabilities		(7,447)
0	0	Long Term Provisions	22	0
(10,010)	(10,010)	Long Term Borrowing	17	(9,331)
(204)	(204)	Deferred Liabilities	17	(42)
(469,501)	(469,501)	Net Pension Fund Liability	24	(481,932)
(479,715)	(479,715)	Non-Current Liabilities		(491,305)
(393,783)	(394,368)	Net Assets		(407,422)
24,896	16,018	Usable Reserves	10	11,722
(418,679)	(410,386)	Unusable Reserves	24	(419,144)
(393,783)	(394,368)	Total Reserves		(407,422)

Notes to the Accounts

1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

DFRS Single Entity Expenditure and Funding Analysis

2016/17 Restated				2017/18		
Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable to the General Fund Balance £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
36,705	(6,842)	29,863	Employees	35,248	(2,819)	32,429
2,252	1,185	3,437	Premises	2,884	(402)	2,482
1,367		1,367	Transport	1,352	0	1,352
3,916		3,916	Supplies and Services	3,416	0	3,416
7,533	(5,421)	2,112	Other	7,963	(4,206)	3,757
(1,662)	28	(1,634)	Income	(707)	0	(707)
50,112	(11,051)	39,061	Net Cost of Services	50,156	(7,427)	42,729
	(33)	(33)	Other operating expenditure (Note 11)	0	(1)	(1)
338	13,483	13,821	Financing and investment income (Note 12)	397	12,400	12,797
(46,888)		(46,888)	Taxation and Non-Specific Grant Incomes (Note 13)	(45,087)	0	(45,087)
(46,550)	13,450	(33,100)	Other Income and Expenditure	(44,690)	12,399	(32,291)
3,561	2,399	5,961	(Surplus) or Deficit	5,466	4,972	10,438
(19,835)			Opening Useable Reserves Balance	(16,274)		
3,561			(Plus) / Less (Surplus) / Deficit on GF	5,466		
(16,274)			Closing Useable Reserves Balance	(10,808)		

Adjustments between Funding and Accounting Basis

2017/18

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (note 1) £000	Net change for Pensions Adjustments (note 2) £000	Other Differences (note 3) £000	Total Adjustments £000
Employees		(2,810)	(9)	(2,819)
Premises	(402)			(402)
Transport				0
Supplies and Services				0
Other	(4,360)			(4,360)
Income			154	154
Net Cost of Services	(4,762)	(2,810)	145	(7,427)
Other operating expenditure (Note 11)	(1)			(1)
Financing and investment income (Note 12)		12,400		12,400
Taxation and Non-Specific Grant Incomes (Note 13)				0
Other Income and Expenditure	(1)	12,400	0	12,399
(Surplus) or Deficit	(4,763)	9,590	145	4,972

Adjustments between Funding and Accounting Basis

2016/17 Restated

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (note 1) £000	Net change for Pensions Adjustments (note 2) £000	Other Differences (note 3) £000	Total Adjustments £000
Employees		(6,859)	17	(6,842)
Premises	1,185			1,185
Transport				0
Supplies and Services				0
Other	(5,421)			(5,421)
Income			28	28
Net Cost of Services	(4,236)	(6,859)	44	(11,051)
Other operating expenditure (Note 11)	(33)			(33)
Financing and investment income (Note 12)		13,483		13,483
Taxation and Non-Specific Grant Incomes (Note 13)				0
Other Income and Expenditure	(33)	13,483	0	13,450
(Surplus) or Deficit	(4,269)	6,624	44	2,399

Adjustments for Capital Purposes

- 1) Adjustment for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:
- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
 - Financing and investment income and expenditure – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
 - Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

- 2) Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:
- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
 - For Financing and investment income and expenditure — the net interest on the defined benefit liability is charged to the CIES.

Other Differences

- 3) Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

2. Accounting Policies

These accounting policies were approved by the Governance and Performance Working Group on 26 February 2018.

A) General Principles

The Statement of Accounts summarises the Authority's transactions for the 2017/2018 financial year and its financial position at the year-end of 31st March 2018. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2017/2018 and the Service Reporting Code of Practice 2017/2018, 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.

All figures in the Statement have been rounded to the nearest £1,000, which may result in some rounding errors.

B) Materiality

The Statement of Accounts should be free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of the statement. For the purposes of the Statement of Accounts, a materiality threshold of £500,000 has been set.

C) Accruals of Income and Expenditure

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

- Income from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Income from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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

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

E) 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 where 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.

F) Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- revaluation gains reversing previous losses charged to the Comprehensive Income and Expenditure Statement;
- amortisation of intangible non-current assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. This charge is calculated as follows:

- For capital expenditure incurred before 1st April 2008 or which in the future is supported capital expenditure, the MRP policy is to set aside a provision equal to 4% of the previous year's Capital Financing Requirement.
- From 1st April 2008 (including 2017/2018) for all unsupported borrowing, excluding finance leases, the MRP policy uses the Asset Life Method i.e. MRP will be an annual charge based on the estimated life of the assets. The provision is set aside in the year following the capital expenditure.
- For any finance leases, the MRP will be the equal to the element of the actual finance lease repayment that reduces the ongoing Balance Sheet liability i.e. the principal element of the charge or repayment, in line with government guidance.

Depreciation, revaluation losses, impairment losses and amortisations are therefore replaced by the MRP contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

G) Council Tax and Non Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Authority's General Fund. Therefore, the difference between the income included

in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

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

H) Employee Benefits

Benefits Payable during Employment

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

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy, and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment 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.

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

Post-Employment Benefits

Employees of the Authority are members of four separate pension schemes with defined benefits related to pay and service. The schemes are as follows:

Uniformed Firefighters – Original 1992 Scheme

On 1st April 2006 the firefighters' pension scheme was changed to a scheme funded by central government (currently the Home Office). The pension costs charged to the Authority's accounts in respect of scheme members are equal to the contributions paid to the pension fund for these employees. The 1992 scheme was only open to those firefighters currently in the scheme as at 31st March 2006 and the employers contribution was higher than for the new firefighters pension scheme. All contributions are made into a pension fund and equally the payments to pensioners are paid out of the same fund. This is then balanced by a contribution to or from the fund by the government each year.

Uniformed Firefighters – 2006 Scheme

On 1st April 2006 a new firefighters' pension scheme was established for new firefighters, retained firefighters and for uniformed employees carrying out operational duties in the old pension scheme who wished to transfer to the new scheme. This scheme is also funded by central government and operates in exactly the same way as the old scheme except for the reduced level of contribution from employees and employers which reflects the different conditions and benefits of the new scheme.

Uniformed Firefighters – 2015 Scheme

As part of central government pension reform across the public sector, the Firefighters' Pension Scheme (2015) was created which extended the normal pension age to 60 and changed from a "final salary" to a "career average" scheme as part of a suite of initiatives to make fire pensions more financially sustainable. To support those closer

to retirement, and therefore less able to alter their financial retirement planning, firefighters within 10-14 years of their normal pension age were wholly or partially protected from transferring to the 2015 scheme.

Other Employees

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme, administered by Derbyshire County Council. The pension costs that are charged to the Authority's accounts in respect of these employees are equal to the contributions paid to the funded pension scheme for these employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. This scheme is, however, funded.

Pension costs are included in the accounts to meet the requirements of IAS 19 which requires the Authority to see beyond its commitment to pay contributions to the pension fund and to determine the full longer-term effect that the award of retirement benefits in any year has had on the Authority's financial position.

l) The Local Government Pension Scheme

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

- The liabilities of the Derbyshire Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit credit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of future earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.6% (based on the indicative rate of return on high quality corporate bonds [using the “Hymans Robertson” corporate bond yield curve based on the constituents of the iBoxx AA corporate bond index]).
- The assets of Derbyshire Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value.
- The change in the net pensions liability is analysed into the following components:
 - service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
 - net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
 - Re-measurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;

- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- Contributions paid to the Derbyshire pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

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.

J) Events after the Balance Sheet Date

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

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

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

K) Financial Instruments

Financial Liabilities (including Creditors and borrowing costs).

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

This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase or settlement where applicable. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread of future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income

and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustments Account in the Movement in Reserves Statement.

Financial Assets (including Debtors).

The Authority only has one type of financial asset: loans and receivables. These are assets that have fixed or determinable payments but are not quoted in an active market.

Loans and receivables are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest), and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. It is policy to charge 12 months interest to each financial year. Outstanding interest is not accrued to the total of the loan.

L) Government Grants and Contributions

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

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

M) Intangible Assets

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

Intangible assets are measured initially at cost and carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation and impairment losses are not permitted to have an impact on the General Fund Balance. The losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

N) Interest in Companies and Other Entities

The authority has material interests in a joint venture which requires it to prepare group accounts. The joint venture is with the Derbyshire Police and Crime Commissioner, Derbyshire Police and Fire Partnership Limited Liability Partnership. In the authority's own single-entity accounts, the interest in the joint venture is recorded as a financial asset at cost less any provision for losses.

O) Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

P) Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Investment properties were revalued during the year by Carolyn Lucas MRICS, a chartered surveyor working on behalf of Ad Rem Property.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

Q) Leases

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

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability.
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

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

The Authority as Lessor

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

R) Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance and the CIPFA Service Reporting Code of Practice 2017/18 requirements.

S) Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. The Authority has a de-minimis level for capital spend of £10,000, so expenditure below this level will not be recorded as capital spend.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

The Authority does not own any Heritage Assets.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (ie it will not lead to a variation in the cash flows of the Authority). In the latter case,

where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

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

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

- investment properties and assets surplus to requirements – fair value;
- infrastructure, community assets, specialist operational properties and assets under construction – depreciated 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).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Land and Building values used in the Accounts are based on a valuation carried out by Carolyn Lucas MRICS, a chartered surveyor working on behalf of Ad Rem Property on a rolling programme valuing approximately 20% of assets each year. Valuations are in accordance with guidance from the Royal Institute of Chartered Surveyors and from the Chartered Institute of Public Finance and Accountancy.

Asset values are included in the Asset Register at their component levels. The Authority has a de-minimis threshold for componentisation which is a net book value (current valuation less depreciation) of £200,000. Below this amount individual assets will be disregarded for componentisation purposes. An example of componentisation might be that a Fire Station might be listed as land, station building, training block, Breathing Apparatus training buildings etc. Components could also take the form of the roof, fixtures and fittings, lift or windows should their value exceed the de-minimis level.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Where decreases in value are identified, they are accounted for:

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

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

Impairment

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

Where impairment losses are identified, they are accounted for:

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles – straight-line allocation over the estimated life of the vehicle
- plant and equipment (for capitalised finance leases) – over the life of the finance lease
- IT equipment – straight-line over 5 years
- Furniture – straight-line over 10 years
- infrastructure – straight-line allocation over 40 years

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

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

It is the Authority's policy not to charge depreciation in the year of acquisition but a full year's charge is made in the final year.

T) Disposals and Non-current Assets Held for Sale

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

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

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

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

Receipts are credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

U) Provisions

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

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

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

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

V) 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.

W) 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.

X) Reserves

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

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

Y) VAT

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

Z) Cashflow Statement

The cashflow statement has been prepared using the 'Indirect Method'.

AA) Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

AB) Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings [other financial instruments as applicable] at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

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

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability.

3. Accounting Standards Issued but not Yet Adopted

The Code of Practice requires the disclosure of the impact of an accounting change arising from a new accounting standard which has been issued but not adopted by the Code of Practice for the relevant financial year.

This applies to the adoption of the following new or amended standards within the 2018/19 Code:

- IFRS 9 *Financial Instruments*
- IFRS 15 *Revenue from Contracts with Customers* including amendments to IFRS 15 *Clarifications to IFRS 15 Revenue from Contracts with Customers*
- amendments to IAS 12 *Income Taxes*: Recognition of Deferred Tax Assets for Unrealised Losses
- amendments to IAS 7 *Statement of Cash Flows*: Disclosure Initiative.

These changes will apply from 1st April 2018 and are adopted by the Authority from this date. None of these changes would impact significantly on the Authority's accounts for 2017/2018.

4. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 2, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to reduce levels of service provision.

The residential houses located adjacent to Glossop and Matlock fire stations have been reclassified from investment assets to Property, Plant and Equipment. The reason for this is that they are currently and mainly occupied rent free by fire station personnel and various internal operational issues would need to be approved and negotiated before their realisation. They are not currently principally held for income or capital gain.

5. Material Differences Between Restated 2016/2017 Accounts and those Published in the 2017/2018 Financial Statements

The 2016/2017 accounts have been amended to reflect the reclassification of Usable and Unusable Reserves. An adjustment of £8.293m in relation to the investment in the LLP is reflected in the Movement in Reserves Statement, Balance Sheet and Expenditure and Funding Analysis. Group Accounts and all corresponding notes have been restated accordingly.

The 2016/17 Group Balance Sheet has also been amended to show the DFRS share of DPFP LLP net assets rather than the DFRS investment in DPFP LLP plus the DFRS share of DPFP LLP "Other Reserves".

6. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

Pensions Liability Uncertainties

The results of any actuarial calculation are inherently uncertain because of the assumptions which must be made. Actuarial assumptions are used to select a single scenario from the range of possibilities. The results of that single scenario are included in the pension calculations. However, the future is uncertain and the actual experience will differ from those assumptions; these differences may be significant or material. In addition, different assumptions or scenarios may also be within the reasonable range and results based on those assumptions would be different. Actuarial assumptions may also be changed from one valuation to the next because of mandated requirements, fund experience, changes in expectations about the future and other factors. A sensitivity analysis was conducted by both actuaries employed by the Authority to calculate its outstanding pension assets and liabilities. The results of this analysis are included in Note 36.

7. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance on 31st May 2018. 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 31 March 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

8. Expenditure and Income Analysed by Nature

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

Expenditure/Income	2016/17 £000	2017/18 £000
Expenditure		
Employee benefits expenses	29,863	32,429
Other services expenses	20,027	18,329
Depreciation, amortisation, impairment	3,355	4,238
Minimum Revenue Provision	877	841
Interest payments	395	462
Precepts and levies		
Gain/(Loss) on the disposal of assets	(33)	(1)
Total expenditure	54,484	56,297
Income		
Fees, charges and other service income	(1,541)	(707)
Interest and investment income	(93)	(64)
Income from council tax, non-domestic rates, district rate income	(30,143)	(31,513)
Government grants and contributions	(16,745)	(13,574)
Total income	(48,523)	(45,858)
Surplus or Deficit on the Provision of Services	5,961	10,438

9. Adjustments between Accounting Basis and Funding Basis under Regulations

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

	2016/17 Restated				2017/18			
	General Fund Bal £000	Capital Receipts Reserve £000	Capital Grants unapplied £000	Mvmt Usable reserves £000	General Fund Bal £000	Capital Receipts Reserve £000	Capital Grants unapplied £000	Mvmt Usable reserves £000
Adjustments primarily involving the CAA								
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement								
Depreciation and impairment of non-current assets	(3,157)			3,157	(3,814)			3,814
Amortisation of revaluation reserve								
Dep'n written back on inv properties								
Charges for depreciation and impairment of non-current assets	(3,157)			3,157	(3,814)			3,814
Revaluation losses on Property plant & equip	142			(142)	(43)			43
Movements in fair value of investment properties	60			(60)	(36)			36
Amortisation of intangible assets	(198)			198	(423)			423
capital grants and contributions applied	482			(482)	0			0
revenue exp funded from capital under statute	0			0	0			0
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the I&E	33			(33)	1			(1)
Sub total	(2,638)	0	0	2,638	(4,315)	0	0	4,315
Insertion of items not debited or credited to I&E								
Statutory provision for the financing of capital investment	877			(877)	841			(841)
Capital exp charged against general fund balances	6,512			(6,512)	7,240			(7,240)
Sub total	7,389	0	0	(7,389)	8,081	0	0	(8,081)
Adjustments primarily involving the capital grants unapplied account								
capital grants and conts unapplied credited to I&E	0		0		999		(999)	
Application of grants to cap financing transferred to CAA	(482)		482		0			
Sub total	(482)	0	482	0	999	0	(999)	0
Adjustment primarily involving Capital Receipts reserve								

transfer of cash sale proceeds credited as part of gain / loss on disposal of asset to I&E	(903)			903	(14)			14
Use of the capital receipts reserve to finance new cap exp	903			(903)	14			(14)
Sub total	0	0	0	0	0	0	0	0
Adjustments primarily involving the financial instruments Adj ac	0	0	0	0	0	0	0	0
Adj primarily involving pensions reserve								
Reversal of items relating to retirement benefits Dr or Cr to I&E	(21,723)			21,723	(23,232)			23,232
Employers cont and direct payments to pensioners payable in yr	15,099			(15,099)	13,642			(13,642)
Sub total	(6,624)	0	0	6,624	(9,590)	0	0	9,590
Adj primarily involving collection fund adj acc								
Amount by which council tax and NNDR income credited to the CI&E is different from council tax and NNDR income calculated for the year in accordance with statutory requirements	(28)			28	(154)			154
Adj primarily involving accumulated absences account								
Accumulated Absences - reverse last years balance	124			(124)	141			(141)
Accumulated Absences - new year	(141)			141	(131)			131
Amount by which officer remuneration charged to the CI&E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(17)	0	0	17	10	0	0	(10)
Total adjustments	(2,399)	0	482	1,917	(4,969)	0	(999)	5,968

10. Movements in Earmarked Reserves

This note sets out the amounts set aside in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to fund expenditure in 2017/2018.

	Restated Balance at 31st Mar 2016 £000	Transfers Out 2016/17 £000	Transfers In 2016/17 £000	Restated Balance at 31st Mar 2017 £000	Transfers Out 2017/18 £000	Transfers in 2017/18 £000	Balance at 31st Mar 2018 £000
Earmarked Reserves	14,155	(5,421)	2,393	11,127	(7,832)	1,906	5,201
Invest To Save Reserve	452			452			452
Strategic Reserve	849	(534)		315		300	615
TriControl and New Dimensions Reserve	1,880			1880		160	2040
Total	17,336	(5,955)	2,393	13,774	(7,832)	2,366	8,308

11. Other Operating Expenditure

2016/17 £000		2017/18 £000
870	Carrying amount of non-current assets	13
(903)	Proceeds from sale of non-current assets	(14)
(33)	(Gains)/losses on the disposal of non-current assets	(1)

12. Financing and Investment Income and Expenditure

2016/17 £000		2017/18 £000
395	Interest payable and similar charges	461
13,483	Pensions interest cost and expected return on pensions assets	12,400
(93)	Interest receivable and similar income	(64)
76	Income & expenditure in relation to investment properties and changes in their fair value	0
(40)	Net (surplus)/deficit on trading undertakings	0
13,821	Total	12,797

The residential houses located adjacent to Glossop and Matlock fire stations previously classified as investment properties have been reclassified to Property, Plant and Equipment. The note above has been restated accordingly.

13. Taxation and Non Specific Grant Incomes

2016/17 £000		2017/18 £000
(21,693)	Council tax income	(22,375)
(8,450)	Non domestic rates	(9,138)
(7,289)	Non ring-fenced government grants	(5,605)
0	Capital grants and contributions	0
(9,456)	Pension top-up grant	(7,969)
(46,888)	Total	(45,087)

14. Property, Plant and Equipment

Movements on Balances

Movements in 2017/2018:

	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation				
At 1 st April 2017	48,043	25,381	162	73,586
Additions	0	2,417	351	2,768
Revaluation increases / (decreases) recognised in the Revaluation Reserve	53			53
Revaluations increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(43)			(43)
De-recognition – disposals	(9)	(113)		(122)
De-recognition – other				
Assets reclassified – from AUC				
Other movements in cost or valuation	3,151			3,151
At 31st March 2018	51,195	27,685	513	79,393
Accumulated Depreciation and Impairment				
At 1 st April 2017	(4,088)	(15,548)		(19,636)
Depreciation charge	(2,267)	(1,547)		(3,814)
Depreciation written out to the Revaluation Reserve	995			995
Depreciation written out to the Surplus / Deficit on the Provision of Services				
Impairment losses recognised in the Surplus / Deficit on the Provision of Services				
De-recognition – disposals	4	105		109
At 31st March 2018	(5,356)	(16,990)		(22,346)
Net Book Value				
At 31 st March 2017	43,955	9,834	162	53,950
At 31 st March 2018	45,839	10,695	513	57,047

Movements in 2016/2017 Note1:

	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation				
At 1 st April 2016	47,777	22,678	737	71,192
Additions	71	2,178	161	2,410
Revaluation increases / (decreases) recognised in the Revaluation Reserve	542			542
Revaluations increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	142			142
De-recognition – disposals		(81)		(81)
De-recognition – other				
Assets reclassified – from AUC	130	606	(736)	0
Other movements in cost or valuation	(619)			(619)
At 31st March 2017	48,043	25,381	162	73,586
Accumulated Depreciation and Impairment				
At 1 st April 2016	(2,957)	(14,202)	0	(17,159)
Depreciation charge	(1,750)	(1,407)		(3,157)
Depreciation written out to the Revaluation Reserve	619			619
Depreciation written out to the Surplus / Deficit on the Provision of Services				
Impairment losses recognised in the Surplus / Deficit on the Provision of Services				
De-recognition – disposals		61		61
At 31st March 2017	(4,088)	(15,548)	0	(19,635)
Net Book Value				
At 31 st March 2016	44,820	8,476	737	54,033
At 31 st March 2017	43,955	9,834	162	53,950

Capital Commitments

As at 31st March 2018, the Authority has entered into a small number of contracts for the construction or enhancement of Property, Plant and Equipment, these commitments amounted to £3.008m, the largest element being £2.734m for the construction of the new Swadlincote Fire Station. Similar commitments as at 31st March 2017 were £0.809m.

Revaluations

The Authority has carried out a rolling programme that ensures that all Property, Plant and Equipment (PPE) required to be measured at fair value is re-valued at least every five years. The Authority undertook a full revaluation exercise during 2014/15 which resulted in a significant downward valuation in the Authority's land (£13m). From 2015/16 20% of PPE is being valued each year in order to prevent large changes every 5th year.

Annual valuations are required under the Code of Practice for investment properties and these were undertaken as at 1 April 2018.

All valuations are carried out by Carolyn Lucas MRICS, a chartered surveyor working on behalf of Ad Rem Property. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

15. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2016/17		2017/18
£000		£000
0	Rental income from investment property	0
76	Direct operating expenses arising from investment property	0
76	Net gain/(loss)	0

The Authority's remaining investment property is the amenity land around the houses and fire station at Glossop. The residential houses located adjacent to Glossop and Matlock fire stations previously classified as investment properties have been reclassified to Property, Plant and Equipment. The note above has been restated accordingly.

The following table summarises the movement in the fair value of investment properties over the year:

2016/17		2017/18
£000		£000
5,922	Balance at start of the year	5,982
60	Net gains/(losses) from fair value adjustments	(36)
0	Reclassification to Assets Held For Sale	0
0	Transfer Fire Station Houses to Property, Plant & Equipment	(4,146)
5,982	Balance at the end of the year	1,800

16. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include only purchased licenses.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful life assigned to the software suites used by the Authority is five years.

The carrying amount of intangible assets is amortised on a straight-line basis. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading; therefore the amortisation of £423,436 charged to revenue in 2017/2018 was absorbed as an overhead across all the service headings in the Cost of Services.

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

	2016/17 £000	2017/18 £000
Balance at start of year:		
- Gross carrying amounts	3,207	3,273
- Accumulated amortisation	(1,148)	(1,346)
Net carrying amount at start of year	2,059	1,927
Additions:		
- Purchases	66	125
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	0	0
Amortisation for the period	(198)	(423)
Net carrying amount at end of year	1,927	1,629
Comprising:		
Gross carrying amounts	3,273	3,398
Accumulated amortisation	(1,346)	(1,769)
Net carrying amount at end of year	1,927	1,629

Note 1

£0.270m of the net carrying amount relates to licensing and software for the New Headquarters. The remaining amortisation period is 3 years.

£1.143m of the net carrying amount relates to the East Midlands Tri Control System joint project, which will be amortised over the next 4 years.

17. Financial Instruments

Categories of Financial Instruments

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

	Long-Term		Current	
	31 st March 2017 £000	31 st March 2018 £000	31 st March 2017 £000	31 st March 2018 £000
Investments				
Loans and receivables	0	0	15,500	8,500
Total Investments	0	0	15,500	8,500
Debtors				
Financial assets carried at contract amounts	0	0	1,288	1,627
Total included in Debtors	0	0	1,288	1,627
Borrowings				
Financial liabilities at amortised cost	(10,010)	(9,331)	(679)	(679)
Total included in borrowings	(10,010)	(9,331)	(679)	(679)
Other Long-term liabilities				
Finance lease liabilities	(204)	(42)	(162)	(162)
Total other long-term liabilities	(204)	(42)	(162)	(162)
Creditors				
Financial liabilities carried at contract amounts	0		(4,351)	(3,635)
Total creditors	0		(4,351)	(3,635)

The only gains and losses linked to financial instruments are income receivable from short term investments and interest payable on Public Work Loan Board (PWLb) loans. Quantitative disclosures have been included on the face of the Income and Expenditure account. The analysis of financial instruments above includes amounts relating to non-statutory debtor and creditor balances due in less than one year.

Income, Expense, Gains and Losses

	2016/17			2017/18		
	Financial Liabilities: measured at amortised cost £000	Financial Assets: Loans and receivables £000	Total £000	Financial Liabilities: measured at amortised cost £000	Financial Assets: Loans and receivables £000	Total £000
Interest Expense	395	0	395	461	0	461
Total expense in Surplus or (Deficit) on the Provision of Services	395	0	395	461	0	461
Interest income	0	(93)	(93)	0	(64)	(64)
Total income in (Surplus) or Deficit on the Provision of Services	0	(93)	(93)	0	(64)	(64)
Net gain/(loss) for the year	395	(93)	302	461	(64)	397

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments.

The fair values of loans, provided by the Public Works Loans Board, are as follows:

	31 st March 2017		31 st March 2018	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial Liabilities	(10,689)	(13,590)	(10,010)	(12,226)

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

18. Inventories

31 st March 2017 £000	Consumable Stores	31 st March 2018 £000
309	Balance Outstanding at start of year	279
136	Purchases	166
(166)	Recognised as an expense in year	(150)
<u>279</u>	Total	<u>295</u>

19. Debtors

31 st March 2017 £000		31 st March 2018 £000
2,597	Central government bodies	3,138
2,952	Other local authorities	2,972
991	Other entities and individuals	1,406
<u>6,540</u>	Total	<u>7,516</u>

20. Cash and Cash Equivalents

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

31 st March 2017 £000		31 st March 2018 £000
1	Cash held by the Authority	1
(3)	Bank current accounts	3
1,594	Short-term deposits	2,287
<u>1,592</u>	Total	<u>2,291</u>

21. Creditors

31st March 2017 £000		31st March 2018 £000
(1,859)	Central government bodies	(954)
(3,374)	Other local authorities	(2,855)
(1,823)	Other entities and individuals	(2,407)
(7,056)	Total	(6,216)

22. Provisions

	Provision for Fire Fighters Pay Award £000	Provision for Business Rates Appeals £000	Total £'000
Balance at 1 st April 2017	(0)	(246)	(246)
Additional provisions made in 2017/2018	(120)	(24)	(144)
Unused amounts reversed in 2017/2018	(0)	(0)	(0)
Balance at 31 st March 2018	(120)	(270)	(390)

The Provision for Business Rates Appeals was established during 2013/2014 in accordance with changes arising through Local Government Finance Reform. The provision is adjusted each year in line with notifications received from billing authorities.

Fire Fighters Pay Award Negotiations 2017/2018

A provision of £120,000 is in relation to ongoing firefighter pay award negotiations, representing 1% of pay. On 1st July 2017 the employer's side made an offer which included an immediate 2% increase on basic pay and CPD payments. The offer also included a further 3% increase with effect from 1st July 2018, with arrangements for future pay awards to be staged to fit to the overall pay framework, subject to agreement on broadening the role of firefighters. On 13th September the Executive Council decided not to accept the proposals. On 19th September, the employers proposed that NJC pay rates be increased by 1 %. A backdated pay increase was applied accordingly. Talks with national employers representatives have continued since then in an attempt to address pay, including pay for 2017/2018.

A Contingent Liability outlined in Note 23 details the potential future cost to the Authority should the final agreement reached be higher than the 2% firefighter pay award (effective 1 July 2017) contained within the Authority's 2017/2018 accounts.

23. Contingent Liabilities

The Authority is required to disclose if there are possible obligations which may require payment or a transfer of economic value. Contingent Liabilities in relation to Pension Schemes are outlined in note 36.

Firefighters' Pension Scheme 2015 – Transitional Arrangements

During 2015 the Fire Brigade's Union commenced a claim for unlawful discrimination against the transitional arrangements relating to the 2015 Firefighters' Pension Scheme. The claim was defended by the Department of Communities and Local Government. The employment tribunal, which ended on 25 January 2017, found that the transitional arrangements for the 2015 Firefighters' Pension Scheme do not unlawfully discriminate. On the 23 February the Fire Brigades Union confirmed in a statement that they will be appealing this judgement on behalf of their members. This appeal is expected to be heard in summer 2018. The outcome of the appeal and any potential financial impact on the Authority is not currently quantifiable.

Fire Fighters Pay Award Negotiations 2017/2018

In the event that a firefighter pay award in excess of 2% is agreed for the 2017/2018 financial year onwards, then the cost to the Service would be equivalent to £210,000 per annum (or £160,000 part year, effective 1 July 2017) for each additional percentage awarded. This is based on 2017/2018 budgeted values.

24. Unusable Reserves

31st March 2017		31st March 2018
£000		£000
Restated		
(9,304)	Revaluation Reserve	(9,041)
(49,710)	Capital Adjustment Account	(53,790)
469,501	Pensions Reserve	481,932
(243)	Collection Fund Adjustment Account	(88)
141	Accumulated Absences Account	131
410,385	Total Unusable Reserves	419,144

Revaluation Reserve

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

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

The Reserve contains only revaluation gains accumulated since 1st 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.

2016/17		2017/18
£000		£000
(9,052)	Balance at 1st April	(9,304)
(542)	Downward (Upward) revaluation of assets	(53)
0	Difference between fair value depreciation and historical cost depreciation	0
0	Accumulated gains on assets sold	0
290	Amount written off to the Capital Adjustment Account	316
(9,304)	Balance at 31st March	(9,041)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Capital Adjustment Account			2017/18	2017/18
Restated	Restated		£000	£000
2016/17	2016/17			
£000	£000			
	(44,623)	Balance at 1st April		(49,709)
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
3,157		- Charges for depreciation and impairment of non-current assets	3,814	
(142)		- Revaluation losses on Property, Plant and Equipment	43	
198		- Amortisation of intangible assets	423	
870		- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	13	
<hr/>			<hr/>	
4,053		Sub total	4,293	
(290)		Adjusting amounts written out of the revaluation reserve	(316)	
	3,792	Net written out amount of the cost of non-current assets consumed in the year		3,977
		Capital financing applied in the year:		
(903)		- Use of the Capital Receipts Reserve to finance new capital expenditure	(14)	
(482)		- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	0	
(877)		- Statutory provision for the financing of capital investment charged against the General Fund (MRP)	(841)	
(46)		- Prior year MRP adjustment	0	
(6,512)		- Capital expenditure charged against the General Fund - 2017/18	(7,240)	
0		- Capital expenditure charged against the General Fund – prior years	0	
<hr/>			<hr/>	
(8,820)		Sub total	(8,095)	
(60)		Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	36	
<hr/>			<hr/>	
	(8,880)			(8,059)
	(49,709)	Balance at 31st March		(53,791)

Pensions Reserve

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

Pension Reserve

2016/17 £000		2017/18 £000
383,207	Balance at 1st April	469,501
79,670	Remeasurements of the net defined benefit liability/(asset)	2,841
21,723	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure statement	23,232
(15,099)	Employers pension contributions and direct payments to pensioners payable in the year	(13,642)
469,501	Balance at 31st March	481,932

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income (NNDR) in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. Changes announced through Local Government Finance Reform confirmed that, with effect from April 2013, 50% percent of business rates would be kept locally, with 50% being distributed through the formula grant process. DFRS receives 2% of the local share. The Collection Fund Adjustment Account includes both Council Tax and NNDR adjustments.

2016/17 £000		2017/18 £000
(270)	Balance at 1st April	(243)
27	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	154
(243)	Balance at 31st March	(88)

Accumulated Absences Account

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

2016/17 £000		2017/18 £000
124	Balance at 1st April	141
17	Amount by which 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	(10)
141	Balance at 31st March	131

25. Cash Flow Statement – Operating Activities

The cash flows for operating activities includes the following items:

2016/17 £000		2017/18 £000
(93)	Interest Received	(64)
395	Interest Paid	462
(40)	Dividends received	0
262		398

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2016/17		2017/18
£000		£000
(3,157)	Depreciation	(3,814)
202	Impairment and Revaluations	(79)
(198)	Amortisation	(423)
(1,352)	(Increase)/Decrease in Creditors	840
(355)	Increase/(Decrease) in Debtors	976
(30)	Increase/(Decrease) in Inventories	16
(6,624)	Movement in Pension Liability	(9,590)
6	Contributions (to)/from Provisions	(143)
(870)	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	121
(2)	Other non-cash items charged to the net surplus or deficit on the provision of services	(136)
(12,380)		(12,232)

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2016/17		2017/18
£000		£000
0	Capital Grants credited to the surplus or deficit on the provision of services	0
903	Proceeds from the sale of property, plant and equipment	14
903		14

26. Cash Flow Statement – Investing Activities

Investing Activities:

2016/17		2017/18
£000		£000
2,478	Purchase of Property, Plant and equipment, investment property and intangible assets	2,893
15,000	Purchase of short term and long term investments	12,441
5,421	Investment in Joint Venture	4,361
(903)	Proceeds from sale of PPE	(14)
(13,500)	Proceeds from short term and long term investments	(19,441)
0	Other receipts from investing activities	0
8,496	Net cash flows from investing activities	240

27. Cash Flow Statement – Financing Activities

Financing Activities:

2016/17		2017/18
£000		£000
198	Cash payments for the reduction of the outstanding liabilities relating to finance leases	162
679	Repayments of short and long term borrowing	679
877	Net cash flows from financing activities	841

28. Members' Allowances

The Authority paid the following amounts to Members of the Authority during the year. Details of Members' allowances are published in accordance with requirements, on the Authority's website.

2016/17		2017/18
£000		£000
85	Allowances	79
7	Expenses	6
92	Total	85

29. Officers' Remuneration

The Authority's employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts (bands with no employees in either year have been excluded):

Remuneration band	2016/17 Number of employees	2017/18 Number of employees
£50,000 - £54,999	15	16
£55,000 - £59,999	10	9
£60,000 - £64,999	7	10
£65,000 - £69,999	1	1
£70,000 - £74,999	2	0
£75,000 - £79,999	2	3
£80,000 - £84,999	1	1
£110,000 - £114,999	1	0
£115,000 - £119,999	0	1
£120,000 - £124,999	1	0
£125,000 - £129,999	0	1
£145,000 - £149,999	1	1
Total	41	43

This table includes the senior employees listed in the tables below.

Disclosure of Remuneration for Senior Employees

The following table provides details on senior officers' emoluments greater than £50,000 in 2017/2018.

Post holder information (Post title)	Salary, Fees and Allowances £	Expense Allowances £	Compensation For Loss of Office £	Employer's Pension Contributions £	Total £
Chief Fire Officer and Chief Executive	147,506	70	-	32,009	179,585
Deputy Chief Executive ¹	36,625	742	79,275	3,225	119,867
Deputy Chief Fire Officer	125,654	210	-	27,267	153,131
Director of Finance/Treasurer	79,566	4,414	-	10,503	94,483
Solicitor/Monitoring Officer	60,058	4,732	-	7,928	72,718
Area Manager – People & Organisational Development	60,058	1,980	-	7,928	69,966
Area Manager - Response	74,562	2,620	-	17,080	94,262
Area Manager – Corporate Services ²	1,028	2,278	-	223	3,529
Area Manager – Operational Training, Policy & Assurance	74,519	2,080	-	16,171	92,770
Area Manager – Community Safety ³	53,034	3,266	-	11,508	67,808
Area Manager – Community Safety*	66,303	723	-	12,967	79,993
Area Manager – Strategic Property	71,532	5,694	-	9,442	86,668
Area Manager – Emergency Services Network Project	15,297	192	-	-	15,489

Expenses Allowances column includes benefit in kind for works vehicle, estimated based on 2016/17 information

*indicates postholder changed roles during the financial year. Salary shown is for whole of 2017/18.

1 - Post made redundant on 19 December 2016. Authorised absence from 19 December 2016 until 20 June 2017

2 - Retired 5/4/17.

3 - Left 17/12/17.

The following table provides details on senior officers' emoluments greater than £50,000 in 2016/2017 still serving in 2017/18.

Post holder information (Post title)	Salary, Fees and Allowances £	Expense Allowances £	Employer's Pension Contributions £	Total £
Chief Fire Officer and Chief Executive	145,480	210	31,569	177,259
Deputy Chief Executive ¹	110,270	2,655	13,453	126,378
Deputy Chief Fire Officer	124,385	210	26,992	151,587
Director of Finance/Treasurer	78,191	4,285	9,539	92,015
Solicitor/Monitoring Officer	59,463	4,607	7,254	71,324
Area Manager - New Headquarters	59,463	5,534	7,254	72,251
Area Manager - Response*	62,610	2,543	12,597	77,750
Area Manager - Corporate Services	73,811	2,464	16,017	92,292
Area Manager - Executive Support	59,463	1,929	7,254	68,646
Area Manager - Community Safety	73,811	3,236	16,017	93,064
Area Manager - Learning & Development	70,371	2,025	12,838	85,234

Expenses Allowances column includes benefit in kind for works vehicle.

**indicates postholder changed roles during the financial year. Salary shown is for whole of 2016/17.*

1 - Post made redundant on 19 December 2016. Authorised absence from 19 December 2016 until 20 June 2017.

30. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors.

2016/17 £000		2017/18 £000
33	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	33
0	Additional fee in respect of the 2016/2017 audit	0
0	Fees payable to external auditors for the certification of grant claims and returns for the year	0
3	Fees payable in respect of other services provided by external auditors during the year	0
36	Total	33

31. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2017/2018:

2016/17 £000		2017/18 £000
	Credited to Services	
(0)	Department of Community & Local Government - Business Rates Retention Grant	(281.3)
(179.5)	Department of Community & Local Government - FireLink Grant	(196.9)
(47)	Department of Community & Local Government - New Dimensions	(44.1)
(0)	Notts Fire and Rescue Service - Emergency Services Network (ESN) Grant funding	(42.4)
(29)	Department of Community & Local Government - Transition Grant	(33.5)
(14.8)	Department of Community & Local Government - Business Rates Reconciliation Grant	(8.1)
(8)	Department of Community & Local Government - Transparency code - New Burdens	(7.7)
(3)	Derbyshire County Council-Contribution to Dying2Drive Event	(3.0)
(4.6)	Derbyshire County Council - Contribution to Young Driver Education Package	(2.4)
(0)	Derbyshire County Council - Grant for Road Safety Gazebos	(0.6)
(122.0)	Department of Community & Local Government - Business Rates Multiplier Cap	0
(113.1)	Department of Community & Local Government - Doubling of Small Business Rates Relief	0
(1.1)	Department of Community & Local Government - Extended Transitional Relief for small & medium properties	0
(0.8)	Department of Community & Local Government - Long Term Empty Property Relief	0
(0.6)	Department of Community & Local Government - Empty New Build Relief	0
(0.3)	Department of Community & Local Government - Business Rates Flood Relief Grant	0
(0.1)	Department of Community & Local Government - Small Business Rates Relief on 2nd properties	0
(524)	Total	(620)

32. Related Parties

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

Central Government

Central government has effective control 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, and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments as at 31st March 2018 are set out in the subjective analysis in Note 8 Expenditure and Income Analysed by Nature.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. During 2017/2018 the Authority was made up of 12 Members from Derbyshire County Council and 4 Members from Derby City Council. During the financial year 2017/2018 the following transactions were entered into between Derbyshire County Council - expenditure of £0.2m (of which £8,697.56 was unpaid as at 31st March 2018) and income of £6,562 (of which £2,877 was owing as at 31st March 2018). During 2017/2018 the following transactions were entered into between the Authority and Derby City Council - expenditure of £0.3m (of which £12,381.11 was unpaid as at 31st March 2018) and income of £0 (none of which was owing as at 31st March 2018).

Other payments are illustrated below and comprise predominantly of Business Rate charges, subscriptions (LGA), payments in relation to trade waste contracts, and other contracted services.

Organisation	Payment to	Received from
	£	£
Amber Valley Borough Council	116,421	
Bolsover District Council	39,157	
Derby City Council	315,178	
Derbyshire Dales District Council	51,714	
Derbyshire County Council	210,166	6,562
DPFP LLP	366,818	
North East Derbyshire District Council	22,184	
South Derbyshire District Council	22,790	
Unison		46

Officers

During the financial year 2017/2018 no officers had an interest in an organisation that would have a potential to control or influence the Authority, or be controlled or influenced by the Authority.

Entities Controlled or Significantly Influenced by the Authority

In December 2014 Members of Derbyshire Fire and Rescue Authority approved the creation of a Limited Liability Partnership (LLP) between the Fire and Rescue Service, the Office of the Police and Crime Commissioner (OPCC) and Derbyshire Constabulary which oversaw the delivery of the Joint Police and Fire Headquarters and Joint Training Centre projects. This enabled the interests of both partners and their Management Board Members to be protected within a formal partnership agreement with equal voting rights. The Management Board of DPFP LLP comprises eight Members in total; four from Derbyshire Fire and Rescue Service, one from Derbyshire Constabulary, and three from the OPCC. The Chair of Derbyshire Fire Authority and the PCC (Elected Officials) alternate in sharing the roles of Chair and Vice Chair of the Board. Payments to DPFP LLP amounted to £4.360m in 2017/2018 which relate to the Derbyshire Fire and Rescue Service share of the new joint headquarters and joint training centre and firing range.

33. Capital Expenditure and Capital Financing

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

Restated 2016/17 £000		2017/18 £000
12,020	Opening Capital Financing Requirement	11,097
	Capital investment	
7,765	Property, Plant and Equipment	7,322
66	Intangible Assets	125
	Sources of finance	
(903)	Capital receipts	(14)
(482)	Government grants and other contributions	0
	Sums set aside from revenue	
(6,446)	Direct revenue contributions	(7,433)
(923)	MRP (includes £46k prior year adjustment in 2016/17)	(841)
11,097	Closing Capital Financing Requirement	10,256
(923)	Movements in Year	(841)
Explanation of movements in year		
(679)	Decrease in underlying need to borrow (unsupported by government financial assistance)	(679)
(244)	Assets acquired under finance leases/ (finance leases repaid)	(162)
(923)	Increase/(decrease) in Capital Financing Requirement	(841)

34. Leases

Authority as Lessee

Finance Leases

The Authority has acquired a number of its fleet of vehicles under finance leases. The assets acquired under these leases are carried as Vehicles, Plant and Equipment in the Balance Sheet at the following net amounts:

2016/17		2017/18
£000		£000
3,202	Vehicles, Plant, Furniture and Equipment	2,339
3,202	Total	2,339

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

2016/17		2017/18
£000		£000
	Finance lease liabilities (net present value of minimum lease payments):	
162	- current	162
204	- non-current	42
7	Finance costs payable in future years	4
373	Minimum lease payments	208

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

2016/17	Finance Lease Liabilities	2017/18
£000		£000
164	Not later than one year	164
209	Later than one year and not later than five years	44
0	Later than five years	0
373	Total	208

Operating Leases

The Authority utilises a number of vehicles under operating lease arrangements, the vehicles typically have a life of five years. In 2016-17 the Authority entered into a new agreement to rent part of the new shared headquarters building at Ripley. In 2017-18 the Authority entered into a new agreement to rent part of the new shared joint training centre, also located at Ripley.

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

2016/17		2017/18
£000		£000
83	Not later than one year	483
330	Later than one year and not later than five years	1,823
5,942	Later than five years	25,050
6,355	Total	27,356

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2016/17 £000		2017/18 £000
65	Minimum lease payments	316
65	Total	316

35. Termination Benefits

The Authority terminated one contract during 2017/18 (eight in 2016/17), the number and cost of exit packages is set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £000	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
£0 - £20k	8	0	0	0	8	0	47	0
£20k - £40k	0	0	0	0	0	0	0	0
£40k - £60k	0	0	0	0	0	0	0	0
£60k - £80k	0	0	0	0	0	0	0	0
£80k - £100k	0	0	0	0	0	0	0	0
£100k - £150k	0	1	0	0	0	1	0	120
Total	8	1	0	0	8	1	47	120

36. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Authority participates in two post-employment schemes, both of which are defined benefit schemes:

- The Local Government Pension Scheme (LGPS), for administrative, support and control employees, is administered locally by Derbyshire County Council. This is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.
- The Firefighters' Pension Scheme (FPS). This is split into four parts.
 - The 1992 Firefighters Pension Scheme, which has been closed to new entrants since 6th April 2006. Its members are wholetime firefighters.
 - The 2006 Firefighters Pension Scheme, which has been closed to new entrants from 1st April 2015. Its members are both on-call and wholetime firefighters.
 - The Modified Pension Scheme, which was a special pension scheme made available to on-call firefighters who were active after 1st July 2000, following a legal decision relating to the Part-time Workers (Prevention of Less Favourable Treatment) Regulations 2000. It will not receive any new members.
 - The 2015 Firefighters Pension Scheme, which is currently open for new members and has received some transfers from the other schemes if certain criteria were met. Its members are both on-call and wholetime firefighters.

All these schemes are unfunded schemes, meaning that there are no investment assets to meet the cost of pension liabilities and cash has to be generated to meet pension payments as they fall due. The cost of the scheme is met with contributions paid by employees and the Authority, with any deficit in the funding required being met by a grant from the Home Office. The scheme is administered on behalf of Derbyshire Fire and Rescue Service by Leicestershire County Council. Further details on these schemes can be found in Note 1- Accounting Policies.

The Authority also participates in the Firefighters' Compensation Scheme. The Firefighters' Compensation Scheme (England) Order 2006 makes provision for the payment of pensions, allowances and gratuities to and in respect of persons who die or are permanently disabled as a result of an injury sustained or disease contracted while employed by a fire and rescue authority. The level of benefits payable is dependent on the salary, service and the degree of disablement of the member at the time the injury is incurred. Therefore the level of long term benefits payable can be both material and volatile. For this reason the Compensation Scheme is treated as an unfunded defined benefit scheme, and accounted for under International Accounting Standard 19 (IAS 19), in the same manner as for the Firefighters' Pension Schemes. The cost of the Compensation Scheme is met by the Authority.

The numerical entries below that refer to the FPS are for all schemes combined unless otherwise stated.

The principal risks to the Authority of the schemes are the longevity assumptions, statutory changes to the schemes, structural changes to the schemes (i.e. large-scale withdrawals from the schemes), changes to inflation, bond yields and the performance of the equity investments held by the schemes. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

Transactions Relating to Post-employment Benefits

The Authority recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement

	Local Government Pension Scheme		Firefighters' Pension Scheme	
	2016/17	2017/18	2016/17	2017/18
	£000	£000	£000	£000
Cost of Services				
<i>Service cost comprising:</i>				
- Current service costs	(1,380)	(2,102)	(4,730)	(6,650)
- Past service costs	0	0	(320)	(290)
- (Gain)/loss on settlements	0	0	0	0
<i>Financing and Investment Income and Expenditure</i>				
- Net interest expense	(313)	(360)	(13,170)	(12,040)
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	(1,693)	(2,462)	(18,220)	(18,980)
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
<i>Remeasurement of the net defined benefit liability comprising:</i>				
- Return on plan assets (excluding the amount included in the net interest expense)	4,049	270	0	0
- Actuarial gains and losses arising on changes in demographic assumptions	493		6,190	12,010
- Actuarial gains and losses arising on changes in financial assumptions	(8,523)	1,059	(83,060)	(12,810)
- Changes in assumptions underlying the present value of the retained settlement	0		0	0
- Other (experience)	281		900	(3,370)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(5,393)	(1,133)	(94,190)	(23,150)

Movement in Reserves Statement

- reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	1,693	2,462	18,220	18,980
Actual amount charged against the General Fund Balance for pensions in the year:				
- employers' contributions payable to scheme	(799)	(862)	(2,292)	(2,212)

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

	Funded liabilities: Local Government Pension Scheme		Unfunded Liabilities: Firefighter Pension Scheme	
	2016/17	2017/18	2016/17	2017/18
	£000	£000	£000	£000
Present value of the defined benefit obligation	44,238	46,126	456,260	468,420
Fair value of plan assets	(30,997)	(32,614)	0	0
Sub-total	13,241	13,512	456,260	468,420
Other movements in the liability (asset)	0	0	0	0
Net liability arising from defined benefit obligation	13,241	13,512	456,260	468,420

The Authority is required to disclose if there are possible obligations which may require payment or a transfer of economic value.

Firefighters' Pension Scheme – Contributions Holiday

Firefighters who joined the 1992 Firefighter's Pension Scheme (FPS) aged 18-20 have previously had to contribute for up to 32 years to receive a 30 year pension at the earliest age of 50. This is because the FPS has an accrual cap of 30 years reckonable service. Further to a legal challenge by the FBU, correspondence from central government in November 2016 confirmed that the Secretary of State approved members meeting certain criteria to take a contributions holiday. The rules of the 1992 FPS were amended and applied retrospectively to 1st December 2006, with affected members receiving a refund accordingly. All refunds due have now been paid to qualifying members, grossed up to take account of HMRC unauthorised payment surcharges, in line with Home Office guidance on this exercise. During the contributions holiday, the employer contributions remained payable and the Service has met these obligations.

Funding for these refunds and associated tax charges will ultimately be met by central government via the Top-up Grant.

Pension Transitional Protection Legal Challenge

As part of central government pension reform across the public sector, the Firefighters' Pension Scheme (2015) was created which extended the normal pension age to 60 and changed from a "final salary" to a "defined benefit" scheme as part of a suite of initiatives to make fire pensions more financially sustainable. To support those closer to retirement and therefore less able to alter their financial retirement planning, firefighters within 10-14 years of their normal pension age were wholly or partially protected from transferring to the 2015 scheme.

The Fire Brigades Union commenced a claim for unlawful discrimination against the transitional arrangements relating to the 2015 scheme. The claim was defended on behalf of the Authority by the Department of Communities and Local Government. The employment tribunal ended on 25 January 2017 and found that the transitional arrangements do not unlawfully discriminate. On 23 February the Fire Brigades Union published a circular stating that they would be appealing this judgement on behalf of their members. This appeal is expected to be heard in summer 2018.

It is felt FRSs and DCLG/Home Office have strong defences in this case but never-the-less, a level of financial risk exists. Should this Employment Tribunal find in favour of employees, the financial cost cannot be measured with sufficient reliability. The cost of future changes to pension benefits as a result of a Tribunal judgement would be a contingent liability on the pension fund, as opposed to employers directly, although FRSs may have to meet compensation for past discrimination directly in respect of the period from April 2015 to the date of any amendments to FPS 2015. At a future date, a valuation of the fund liabilities including any judgement in respect of this legal challenge would be assessed nationally, with deficits being addressed by increases to employer and employee contribution rates. In the event of the appeal being found in employees' favour, FRSs may argue that central government should meet this cost as a new burden, given that the pension reform was initiated by central government and that FRSs were simply meeting their statutory obligations in implementing the amended pension regulations. Government is unlikely to concede this point without prolonged discussions.

Reconciliation of the Movements in the Fair Value of Scheme Assets

	Funded liabilities: Local Government Pension Scheme	
	2016/17	2017/18
	£000	£000
Opening fair value of scheme assets	25,604	30,997
Interest income	903	812
Remeasurement gain/(loss)		
- The return on plan assets, excluding the amount included in the net interest expense	4,049	270
- Other	0	
The effect of changes in foreign exchange rates	0	
Contributions from employer	799	862
Contributions from employees into the scheme	347	361
Benefits paid	(705)	(688)
Closing fair value of scheme assets	30,997	32,614

The Firefighter Pension Scheme has no assets.

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Funded liabilities:		Unfunded Liabilities:	
	Local Government Pension Scheme		Firefighter Pension Scheme	
	2016/17	2017/18	2016/17	2017/18
	£000	£000	£000	£000
Opening balance at 1st April	34,251	44,238	374,560	456,260
Current service cost	1,380	2,102	4,730	6,650
Interest cost	1,216	1,172	13,170	12,040
Contributions by scheme participants	347	361	1,790	1,730
Remeasurements (gains) and losses:				
- Actuarial (gains)/losses arising from changes in demographic assumptions	(493)	0	(6,190)	(12,010)
- Actuarial (gains)/losses arising from changes in financial assumptions	8,523	(1,059)	83,060	12,810
- Changes in assumptions underlying the present value of the retained settlement	0	0	0	0
- Other (Experience gains/losses)	(281)	0	(900)	3,370
Past service costs	0	0	320	290
Losses/(gains) on curtailment	0	0	0	0
Liabilities assumed on entity combinations	0	0	20	60
Benefits paid	(705)	(688)	(14,300)	(12,780)
Liabilities extinguished on settlements	0		0	0
Closing balance at 31st March	44,238	46,126	456,260	468,420

Breakdown of Firefighters' Pension Scheme Transactions and Liabilities by Scheme.

Transactions Relating to Post-employment Benefits

Comprehensive Income and Expenditure Statement	1992 Scheme		2006 Scheme		2015 Scheme		Injury Benefit Scheme		Total	
	2016/17 £000	2017/18 £000	2016/17 £000	2017/18 £000	2016/17 £000	2017/18 £000	2016/17 £000	2017/18 £000	2016/17 £000	2017/18 £000
Cost of Services										
<i>Service cost comprising:</i>										
- Current service costs	(1,700)	(1,880)	(160)	(170)	(2,740)	(4,470)	(130)	(130)	(4,730)	(6,650)
- Past service costs	(320)	(290)	0	0	0	0	0	0	(320)	(290)
- (Gain)/loss on settlements	0		0		0		0		0	0
<i>Financing and Investment Income and Expenditure</i>										
- Net interest expense	(11,960)	(10,670)	(650)	(740)	(190)	(350)	(370)	(280)	(13,170)	(12,040)
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	(13,980)	(12,840)	(810)	(910)	(2,930)	(4,820)	(500)	(410)	(18,220)	(18,980)
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement										
<i>Remeasurement of the net defined benefit liability comprising:</i>										
- Return on plan assets (excluding the amount included in the net interest expense)	0	0	0	0	0	0	0	0	0	0
- Actuarial gains and losses arising on changes in demographic assumptions	4,930	10,390	(10)	650	0	570	1,270	400	6,190	12,010
- Actuarial gains and losses arising on changes in financial assumptions	(69,910)	(10,750)	(8,280)	(1,880)	(3,340)	(90)	(1,530)	(90)	(83,060)	(12,810)
- Changes in assumptions underlying the present value of the retained settlement	0	0	0	0	0	0	0	0	0	0
- Other (experience)	1,110	(1,340)	(480)	(970)	350	0	(80)	(1,060)	900	(3,370)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(77,850)	(14,540)	(9,580)	(3,110)	(5,920)	(4,340)	(840)	(1,160)	(94,190)	(23,150)

Movement in Reserves Statement

	1992 Scheme		2006 Scheme		2015 Scheme		Injury Benefit Scheme		Total	
	2016/17 £000	2017/18 £000	2016/17 £000	2017/18 £000	2016/17 £000	2017/18 £000	2016/17 £000	2017/18 £000	2016/17 £000	2017/18 £000
- reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	13,980	12,840	810	910	2,930	4,820	500	410	18,220	18,980
Actual amount charged against the General Fund Balance for pensions in the year:										
- employers' contributions payable to scheme	(873)	(743)	(76)	(62)	(1,343)	(1,407)	0	0	(2,292)	(2,212)

Pension Assets & Liabilities Recognised in the Balance Sheet

	1992 Scheme		2006 Scheme		2015 Scheme		Injury Benefit Scheme		Total	
	2016/17 £000	2017/18 £000	2016/17 £000	2017/18 £000	2016/17 £000	2017/18 £000	2016/17 £000	2017/18 £000	2016/17 £000	2017/18 £000
Present value of the defined benefit obligation	407,280	410,050	27,680	30,740	10,470	16,100	10,830	11,530	456,260	468,420
Fair value of plan assets	0		0		0		0		0	0
Sub-total	407,280	410,050	27,680	30,740	10,470	16,100	10,830	11,530	456,260	468,420
Other movements in the liability (asset)	0	0	0	0	0	0	0	0	0	0
Net liability arising from defined benefit obligation	407,280	410,050	27,680	30,740	10,470	16,100	10,830	11,530	456,260	468,420

**Reconciliation of Present Value of the Scheme Liabilities
(Defined Benefit Obligation)**

	1992 Scheme		2006 Scheme		2015 Scheme		Injury Benefit Scheme		Total	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Opening balance at 1st April	342,520	407,280	18,180	27,680	3,390	10,470	10,470	10,830	374,560	456,260
Current service cost	1,700	1,880	160	170	2,740	4,470	130	130	4,730	6,650
Interest cost	11,960	10,670	650	740	190	350	370	280	13,170	12,040
Contributions by scheme participants	590	460	50	40	1,150	1,230	0	0	1,790	1,730
Remeasurements (gains) and losses:										
- Actuarial (gains)/losses arising from changes in demographic assumptions	(4,930)	(10,390)	10	(650)	0	(570)	(1,270)	(400)	(6,190)	(12,010)
- Actuarial (gains)/losses arising from changes in financial assumptions	69,910	10,750	8,280	1,880	3,340	90	1,530	90	83,060	12,810
- Changes in assumptions underlying the present value of the retained settlement	0		0		0		0		0	0
- Other (Experience gains/losses)	(1,110)	1,340	480	970	(350)	0	80	1,060	(900)	3,370
Past service costs	320	290	0	0	0	0	0	0	320	290
Losses/(gains) on curtailment	0	0	0	0	0	0	0	0	0	0
Liabilities assumed on entity combinations	0	0	0	0	20	60	0	0	20	60
Benefits paid	(13,680)	(12,230)	(130)	(90)	(10)	0	(480)	(460)	(14,300)	(12,780)
Liabilities extinguished on settlements					0		0		0	0
Closing balance at 31st March	407,280	410,050	27,680	30,740	10,470	16,100	10,830	11,530	456,260	468,420

The Local Government Pension Scheme's assets consist of the following categories, by amount and by proportion of the total assets held:

	31st March 2017 £000	31st March 2017 %	31st March 2018 £000	31st March 2018 %
<i>Equity investments</i>				
- Consumer	2,363	8	2,096	6
- Manufacturing	2,776	9	2,864	9
- Energy and Utilities	1,872	6	1,785	6
- Financial Institutions	2,221	7	2,258	7
- Health and Care	1,233	4	1,125	3
- Information Technology	788	2	969	3
- Other	3,411	11	3,716	11
Sub-total Equity Instruments	14,664	47	14,814	45
<i>Bonds</i>				
- Corporate	1,878	6	2,569	8
- Government	3,259	11	3,083	9
- Other	567	2	508	2
Sub-total Bonds	5,704	18	6,161	19
<i>Property</i>				
- UK	1,984	6	2,146	7
- Overseas	0	0	0	0
Sub-total Property	1,984	6	2,146	7
Private Equity	529	2	659	2
<i>Investment Funds and Unit Trusts</i>				
- Equities	6,142	20	6,207	19
- Bonds	0	0	0	0
- Infrastructure	545	2	1,061	3
Sub-total - Investment Funds and Unit Trusts	6,687	22	7,268	22
Cash and Cash Equivalents	1,429	5	1,567	5
Total Assets	30,997	100	32,614	100

All scheme assets have quoted prices in active markets with the exception of the following:

Type	31 st March 2017 £000	31 st March 2018 £000
Bonds – Corporate	1,878	2,569
Private Equity	103	216
Property – UK	1,984	2,146
Investment Funds – Equities	0	
Investment Funds – Infrastructure	189	560
Cash and Cash Equivalents	1,429	1,567
Total quoted prices not in active markets	5,583	7,058

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Firefighter Pension Scheme has been independently assessed by the Government Actuary Department (GAD), and the Local Government Pension Scheme has been independently assessed by Hymans Robertson. Estimates for both funds have been based on the latest full valuation of the scheme as at 31st March 2016. The significant assumptions used by the actuary have been:

Mortality assumptions	Local Government Pension Scheme		Firefighter Pension Scheme	
	2016/17 (yrs)	2017/18 (yrs)	2016/17 (yrs)	2017/18 (yrs)
Longevity at 65 for current pensioners:				
- Men	21.9	21.9	22.4	21.9
- Women	24.4	24.4	22.4	21.9
Longevity at 65 for future pensioners:				
- Men	23.9	23.9	24.7	23.9
- Women	26.5	26.5	24.7	23.9
Other Actuarial Assumptions	Local Government Pension Scheme		Firefighter Pension Scheme	
	2016/17 %	2017/18 %	2016/17 %	2017/18 %
Rate of CPI inflation	2.4	2.4	2.35	2.30
Rate of increase in salaries	2.9	2.9	4.35	4.30
Rate of increase in salaries – short term	N/A	N/A	1.00	4.30
Rate of increase in pensions	2.4	2.4	2.35	2.30
Rate for discounting scheme liabilities	2.6	2.7	2.65	2.55

All Firefighter schemes have the same mortality and actuarial assumptions.

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

Impact on the Defined Benefit Obligation in the Pension Schemes 2017/18

	Local Government Pension Scheme		Firefighter Pension Scheme	
	Increase in Assumption £000	Decrease in Assumption £000	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	N/A	N/A	11,000	(11,000)
Rate of increase in salaries (increase or decrease by 0.5%/yr)	1,011	(1,011)	7,000	(7,000)
Rate of increase in pensions (increase or decrease by 0.5%/yr)	4,448	(4,448)	37,000	(37,000)
Rate for discounting scheme liabilities (increase or decrease by 0.5%/yr)	(5,550)	5,550	(46,000)	46,000

Impact on the Authority's Cash Flows

The defined benefit liability shows the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £481.9m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, however statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- The net liability on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary. The aims of the Fund are to keep employer contribution rates as constant as possible. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2019 and will set contributions for the period from 1 April 2020 to 31 March 2023. There are no minimum funding requirements in the LGPS but the long term funding objective is for the Fund to achieve and then maintain sufficient assets to cover 100% of projected accrued liabilities.
- Finance is only required to be raised to cover firefighter pensions when the pensions are actually paid, and any shortfalls are currently met by the Home Office. Any short term cash flow requirements are actively managed by the Accountancy department.
- Finance is only required to be raised to cover the costs of the firefighters' compensation scheme when the pensions are actually paid, and these costs are included in the Authority's annual budget. The amount spent in 2017/2018 was £772k (2016/17, £737k).

The weighted average duration of the defined benefit obligation for current Local Government Pension Scheme Members is 21.9 years for males and 24.4 years for females (expected to rise to 23.9 years and 26.5 years for future pensioners). The weighted average duration of the defined benefit obligations of the 1992 FPS, 2006 NFPS, 2015 FPS and the Firefighters' Compensation Scheme are 19 years.

Firefighters' Pension Fund Accounts

Fund Account

2016/17 Total £000		2017/18 Total £000
	Contributions receivable:	
	Fire Authority	
2,292	- contributions in relation to pensionable pay	2,200
260	- Ill Health Pensions	311
1,487	Firefighters' contributions	1,479
4,039		3,990
38	Transfers in from other authorities	95
4,077	Total Income to the fund	4,085
	Benefits payable	
10,454	- pensions	10,776
3,058	- commutations and lump sum retirement benefits	1,268
0	- lump sum death benefits	
21	- Gad vs Milne backdated payments	0
	Payments to and on Account of Leavers	
0	- transfers out to other schemes	6
13,533	Total Spending by the fund	12,050
9,456	Net amount payable for the year	7,965
(7,776)	Top-up grant received from the Government	(5,761)
0	Gad V Milne additional grant received from Government	0
1,680	Balance of top-up grant for the year receivable from /(payable to) Communities and Local Government	2,204

Net Assets Statement

2016/17 £000		2017/18 £000
	Current Assets	
925	Payments in Advance	930
1,680	Top-up receivable from the Government	2,204
	Current Liabilities	
0	Unpaid Pension Benefits	0
(2,605)	Amount owing to General Fund	(3,134)
0	Net Current Assets	0

37. Nature and Extent of Risks Arising from Financial Instruments

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

- credit risk – the possibility that other parties might fail to pay amounts due to the Authority.
- liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

Risk management is carried under policies approved by the Authority in the annual Treasury Management Strategy. The Authority provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers.

This risk is minimised through the Treasury Management Strategy, which provides strict criteria for placing investments with financial institutions. The latest Treasury Management Strategy was approved by Fire Authority on 23 February 2017 and can be found on the Authority's website. The key issues within the strategy were:

- The Authorised Limit for 2017/2018 was set at £14.6m. This is the maximum limit of external borrowings or other long term liabilities such as finance leases.
- The Operational Boundary for 2017/2018 was set at £14.0m. This is the expected maximum level of debt and other long term liabilities during the year.
- The maximum proportions of fixed and variable interest rate exposure were set at 100% and 40% respectively.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors regarding inclusion and equality. Individual credit limits are set in accordance with internal ratings in accordance with parameters set by the Authority.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31st March 2018 that this was likely to crystallise.

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on recent experience of default.

	Amount at 31st March 2018 £000	Historical experience of default	Estimated Maximum Exposure to Credit Risk 31st March 2018 £000	Estimated Maximum Exposure to Credit Risk 31st March 2017 £000
Deposits with Banks and Financial Institutions		0.00%	0	0
Customers		0.08%	0	0

The Authority allows 30 days credit for customers. The age analysis of the customer balance is shown below:

2016/17 £000		2017/18 £000
349.3	Not yet due*	311.9
19.5	Less than three months	0.1
0.0	Three to six months	0.0
0.6	Six months to one year	0.0
0	More than one year	0.0
369.4	Total	312.0

**£256k of the amount owed by customers at 31st March 2018 relates to repayment of employee pension contributions as a result of the Part-time Workers (Prevention of Less Favourable Treatment) Regulations 2000. Some of the staff affected are repaying their contributions over ten years via direct debit. This note has treated these amounts outstanding as 'not yet due.' Should an employee default on the repayment the appropriate entry to the pension scheme will also be reversed, so there is no risk to the Authority from these amounts.*

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The maturity analysis of financial liabilities is as follows:

2016/17 £000		2017/18 £000
(679)	Less than one year	(679)
(679)	Between one and two years	(679)
(2,037)	Between two and five years	(2,037)
(7,294)	More than five years	(6,615)
(10,689)	Total	(10,010)

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

Market Risk

Interest Rate Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise;
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall;
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise;
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Authority has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 40% of its borrowings in variable rate loans. The Authority held no variable rate loans during 2017/18. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be reviewed to limit exposure to losses.

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

According to this assessment strategy, at 31st March 2018, if interest rates had been 1% higher with all other variables held constant, the financial impact would be:

Impact of interest rate changes	£000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	105
Impact on Surplus or Deficit on the Provision of Services	105
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	105
Decrease in fair value of fixed rate borrowings liabilities (no impact on CI&E)	1,653

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Foreign Exchange Risk

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DERBYSHIRE FIRE & RESCUE AUTHORITY

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Derbyshire Fire & Rescue Authority ('the Authority') for the year ended 31 March 2018 which comprise the Authority and Comprehensive Income and Expenditure Statement, the Authority Balance Sheet, the Authority Movement in Reserves Statement, the Authority and Cash Flow Statement and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2018 and of the Authority's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Authority in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information published with the financial statements

The Chief Financial Officer is responsible for the other information published with the financial statements, including the Narrative Statement and the Annual Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. In our opinion the other information published with the financial statements for the financial year is consistent with the financial statements.

Chief Financial Officer's responsibilities

As explained more fully in the statement set out on page 14, the Chief Financial Officer is responsible for: the preparation of the Authority's financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.



Auditor's responsibilities

Our 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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

Report on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, Derbyshire Fire & Rescue Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether Derbyshire Fire & Rescue Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Derbyshire Fire & Rescue Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Statutory reporting matters

The Code of Audit Practice requires us to report to you if:

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit;
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014;
- an application has been made to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014;
- an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.



We have nothing to report in these respects

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the financial statements of Derbyshire Fire & Rescue Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

A handwritten signature in black ink, appearing to read 'Cardoza', with a large, stylized initial 'C'.

Andrew Cardoza
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 27 July 2018

Glossary of Terms used in the Statement of Accounts

The definitions within the glossary are designed to give the user an understanding of the technical terminology contained in the Statement of Accounts.

Accounting Policies

These are a set of rules and codes of practice used when preparing the Accounts.

Accrual

A sum included in the final accounts to cover income or expenditure attributable to an accounting period for goods supplied and received or works done but for which payment has not been received or made by the end of the period.

Actuarial Gain or Loss

The change in actuarial deficits or surpluses that arise because either events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses), or because the actuarial assumptions have changed.

Actuarial Valuation

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

Amortisation

This is the amount set aside to pay for the loss in value of intangible assets.

Budget

This is a statement of the Authority's (financial) plans for a specified period of time. A budget is prepared and approved by the Authority prior to the start of the financial year. The Authority's budget is prepared on an outturn basis, which means that increases for pay and prices during the financial year are contained within the total budget figure.

Business Rates Baseline

Determined for individual authorities at the outset of the business rates retention scheme by dividing the *local share* of the *Estimated Business Rates Aggregate* between billing authorities on the basis of their proportionate share.

Call Off Contract

The Authority tenders for the supply of contracts.

Capital Expenditure

This is expenditure on new assets or on the enhancement of existing assets so as to prolong their useful life or enhance market value.

Capital Financing Requirement (CFR)

The Capital Financing Requirement represents Capital Expenditure financed by external debt and not by capital receipts, revenue contributions, capital grants or third party contributions at the time of spending. It measures the Authority's underlying need to borrow for a capital purpose.

Capital Grant

Grant from Central Government used to finance specific schemes in the Capital Programme. Where capital grants are receivable, these are used, as far as possible, to finance Capital Expenditure to which they relate in the year that the grants are received.

Capital Grants Unapplied

The Grants as described above which have yet to be used to finance capital expenditure.

Capital Receipts

Proceeds from the sale of an asset which may be used to finance new Capital Expenditure or to repay outstanding loan debt as laid down within rules set by Central Government. They cannot be used to finance normal day to day revenue spending.

Chartered Institute of Public Finance and Accountancy (CIPFA)

The principal accountancy body dealing with local government finance.

CIES

Comprehensive Income and Expenditure Account.

Componentisation

The separation of an asset into identifiable and significant components that have differing useful lives. This is so that components of an asset that have a shorter life than the asset itself are depreciated separately to ensure that the annual charge to revenue fully reflects the use of the asset.

Consumption of Economic Benefits (CEB)

Impairment caused by either physical damage, or deterioration in the quality of the service provided by the asset. Impairment caused by a general fall in prices is referred to as No CEB.

Corporate & Democratic Core

The costs associated with corporate policy making and Member based activities, together with costs relating to corporate management, public accountability and treasury management.

Creditor

An amount owed by the Authority for work done, goods received, or services rendered but for which payment has not been made as at the date of the Balance Sheet.

Current Service Cost (Pensions)

This measure the increase in the present value of pension liabilities generated in the financial year by employees. It is an estimate of the true economic cost of employing people in the financial year, earning service that will eventually entitle them to the receipt of a lump sum and pension when they retire.

Current Value

Current value is the value that assets and liabilities can be measured if they were sold or settled at the current date.

Debtor

A sum of money due to the Authority in the relevant financial year but not received as at the Balance Sheet date.

Depreciation

The measure of the consumption or other reduction in the useful economic life of a non-current asset whether arising from use, passage of time or obsolescence through technological or other changes.

Discretionary Added Years

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the Authority's discretionary powers, such as The Local Government (Discretionary Payments) Regulations 1996, the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998, or the Local Government (Discretionary Payments) Regulations (Northern Ireland) 2001.

DPPF

Derbyshire Police and Fire Partnership (Limited Liability Partnership), a legal entity established to manage the build of the new joint headquarters.

Earmarked Reserves

These reserves represent monies set aside that can only be used for the specific purpose for which they were established.

Emoluments

All taxable sums paid to or received by an employee including the value of any none cash benefits received.

Financial Year

The period covered by a set of financial accounts. The Authority's financial year commences 1st April and finishes 31st March the following year.

General Fund

This reserve is to provide for unexpected expenditure that cannot be managed within existing budgets.

Government Grants Deferred

The balance of grants applied to the financing of non-current assets awaiting amortisation to the Income and Expenditure Account to match depreciation on relevant assets.

Impairment

A reduction in the value of a non-current asset below the amount included on the Balance Sheet.

Imprest Account

Cash held locally to pay for small or urgent items.

Intangible Non-Current Assets

Assets which are not physical such as software licences.

International Financial Reporting Standards (IFRS)

These standards are developed by the International Accounting Standards Board (IASB) and regulate the preparation and presentation of Financial Statements. Any material departures from these Standards would be disclosed in the Notes to the Accounts. International Financial Reporting Standards are new standards developed by the IASB.

International Accounting Standards Board (IASB)

The International Accounting Standards Board (IASB) is an independent, privately-funded accounting standard-setter based in London with representatives from several countries in the world. The IASB as the successor to the IASC adopted existing International Accounting Standards (IAS's), many of which have been revised.

International Accounting Standard

International Accounting Standards (IAS) were issued by the Board of the International Accounting Standards Committee (IASC). The IASC was the predecessor to the IASB.

Joint Venture

Arrangement under which two or more parties have contractually agreed to share control, such that decisions about activities that significantly affect returns require the unanimous consent of the parties sharing control, and joint venturers have rights to the net assets of the arrangement

Limited Liability Partnership (LLP)

A legal business entity whereby the partners have limited liabilities.

Minimum Revenue Provision (MRP)

The statutory minimum amount which an Authority is required to charge to revenue on an annual basis as a provision to redeem debt.

Net Book Value

The amount at which non-current assets are included in the Balance Sheet.

Operating Lease

Agreement whereby ownership of the asset remains with the lessor and an annual rental is charged to the Income and Expenditure Account.

Operational Assets

Non-current assets held, occupied, or utilised by the Authority in the direct delivery of those services for which it has statutory responsibility.

Past Service Cost (Pensions)

These costs represent the increase in liabilities arising from decisions taken in the current year to improve retirement benefits, but whose financial effect is derived from years of service earned in earlier years.

Precept

This is a levy, which the Authority makes through the council tax to pay for services.

Provision

A liability or loss which is likely or certain to be incurred but where the date and cost are uncertain.

Provision for Credit Liabilities

The provision for credit liabilities represents sums set aside for the repayment of Public Work Loans Board (PWLB) debt and forms part of the capital financing reserve.

Public Works Loans Board (PWLB)

A Government Agency that provides longer term loans to Local Authorities at advantageous interest rates.

Remuneration

Reward for employment in the form of pay, salary, or wage, including allowances, benefits (such as company car, medical plan, and pension plan), bonuses, cash incentives, and monetary value of non cash incentives.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revaluation Reserve

Amount arising from the revaluation of assets; the difference between the former book value of assets on the balance sheet and the present (re-valued) book value of the asset.

Reserve

An amount set aside for specific or general purpose.

Revenue Expenditure

The day to day running costs incurred by the Authority in providing services.

Revenue Financing

Resources provided from the Authority's revenue budget to finance the cost of capital projects.

Revenue Support Grant (RSG)

Grant provided by Central Government, through the Office of the Deputy Prime Minister, to all Local Authorities, distributed according to a pre-determined formula. An authority's Revenue Support Grant amount plus the *local share of Estimated Business Rates Aggregate* will together comprise its Settlement Funding Assessment.

Tangible Non-Current Assets

These are assets which are physical such as buildings or land with an expected life of multiple years.

Unusable Reserves

These are reserves resulting from the interaction of legislation and proper accounting practices. These reserves are not resource backed and cannot be used for any other purpose.

Usable Reserves

These are held as a working balance or for a specific future purpose.