

# **LANCASHIRE COMBINED FIRE AUTHORITY**

## **AUDIT COMMITTEE**

Meeting to be held on 20 July 2021

## **CORE FINANCIAL STATEMENT 2020/21**

**(Appendices 1, 2, 3, 4, 5 and 6 refer)**

Contact for further information:

Keith Mattinson - Director of Corporate Services – Telephone Number 01772 866804

### **Executive Summary**

This report presents the Core Financial Statements, which form part of the Statement of Accounts, for the Combined Fire Authority for the financial year ended 31 March 2021.

Members should note that the 2020/21 core statements presented do not include the adjustments required for recognising the Authority's share of the collection fund income position for both Council Tax and Business Rates, as the information was not received from all billing authority's in time for inclusion in this report (this will be updated for the final version of the accounts).

The Authority's 25% share of the North West Fire Control accounts ending 31 March 2021 has been included.

### **Recommendation**

The Committee is asked note and endorse the draft Core Financial Statements.

### **Information**

The Combined Fire Authority's Core Financial Statements, which form part of the Statement of Accounts, are attached as Appendix 1.

The Statement of Accounts contains estimated figures that are based on assumptions about the future or that are otherwise uncertain, relating to areas such as pension liabilities, property asset valuations etc, as reported elsewhere on the agenda.

Members should note that the 2020/21 core statements presented do not include the adjustments required for recognising the Authority's share of the collection fund income position for both Council Tax and Business Rates, as the information was not received from all billing authorities in time for inclusion in this report (this will be updated for the final version of the accounts).

The Authority's 25% share of the North West Fire Control (NWFC) accounts ending 31 March 2021 has been included.

## Narrative Report

This sets out the financial context in which the Combined Fire Authority operates and provides an overview of the financial year 2020/21 as well as details of future plans.

## Comprehensive Income & Expenditure Account

This statement shows the accounting cost in the year of providing services. It is a summary of the resources that have been generated and consumed in providing services and managing the Authority during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

The main points to note are: -

	2020/21	2019/20	
Service Delivery	32,645	33,738	The cost of Service Delivery shows a decrease when compared with the previous year, largely attributable to Training and Operational Review moving into the Strategy & Planning Directorate during the year to align structures with the creation of the Prevention & Protection department, offset in part by additional costs in dealing with the pandemic (the grant income is shown towards the bottom of the table).
Strategy & Planning	12,415	8,576	The cost of Strategy & Planning shows an increase when compared with the previous year, due to Training and Operational Review moving into the Strategy & Planning Directorate during the year.
People & Development	1,611	1,633	The cost of People & Development is broadly comparable with last year.
Corporate Services	4,821	5,021	The cost of Corporate Services is broadly comparable with last year.
Fire Fighters Pensions	1,285	1,283	These are the ongoing pension costs relating to previous ill health or injury retirements, which have remained at a similar level to the previous year.
Overheads	1,574	1,846	This heading includes all capital financing charges, refunds made in respect of the LGPS surplus, and depreciation and impairment charges made in respect of assets. The reduction is attributable to changes associated with the adjustment required in respect of pension liabilities under IAS 19.

Gain On Disposals Of Fixed Assets	(17)	(14)	This relates to the sale of surplus vehicles.
Interest Payable	1,439	1,461	This heading includes the interest payable in respect of current loans, and the interest charges associated with the PFI scheme and finance leases, which are in line with the previous year's charges.
Pension Interest Cost And Expected Return On Assets	18,207	21,130	This relates to adjustments required under IAS 19 requirements and is designed to show the expected increase in costs of the scheme less the expected increase in asset values. As the Fire-fighters pensions' scheme is unfunded there is no increase in asset value to offset the increase in scheme costs resulting in the charge to the Income and Expenditure Account.
Interest Receivable	(253)	(332)	The level of interest earned on investments has decreased, largely attributable to the reduction in the call account interest rate at the end of 2019/20, in line with the Bank of England base rate reduction. We continue to hold several fixed term investments with other Local Authorities as reported in the Treasury Management Outturn report but are experiencing an overall decrease in the interest receivable from these.
Council Tax*	(31,813)	(30,724)	Amounts raised through council tax, including the Authority's element of council tax collection fund surplus accumulated during the preceding year by the billing authorities. *As we have not yet received the collection fund accounting from District councils, currently the 2020/21 amount reflects the amount of cash received in year and will be updated to reflect the total amount due.
Revenue Support Grant	(8,523)	-	The level of Revenue Support Grant allocated to the Authority by the Government, we did not receive any during 2019/20 due to the Lancashire business rates pool pilot, which we were only part of for that year. Instead, our NNDR increased to compensate for this.
Non-Domestic Rates Redistribution*	(15,757)	(23,930)	Amounts raised through non-domestic rates, including the Authority's element of business rates collection fund surplus accumulated during the preceding year by the billing authorities, in addition to top up grant receivable from the Government as part of the localisation of business rates. The

			change between years reflects the reduction for the business rates pool applicable during 2019/20 only. *As we have not yet received the collection fund accounting from District councils, currently the 2020/21 amount reflects the amount of cash received in year and will be updated to reflect the total amount due
Capital grant income	(253)	(417)	This grant is the Authority's 25% share of the capital grant received by NWFC.
Business rates S31 grant	(1,284)	(1,654)	This grant is allocated to the Authority by the Government and relates to small business rates reliefs allowed by the Government as part of the localisation of business rates.
Business rates additional reliefs S31 grant	(1,925)	-	The 2020/21 balance relates to additional business rates relief funding announced prior to 31 March which will be received during 2021/22 but relates to 2020/21.
Covid 19 S31 grant	(1,346)	-	This reflects the S31 grant received during 2020/21, the majority of which has been spent during the year as previously reported, and the balance transferred into an earmarked reserve for future use.
Deficit On The Provision Of Services	<b>12,825</b>	<b>17,618</b>	The overall deficit shows that expenditure incurred exceeded income generated over the last twelve months and is measured in terms of the resources consumed and generated. However, this includes a number of accounting entries which do not impact on council tax levels, most notably those relating to the pensions schemes. As such this does not show the actual surplus when comparing spend against council tax.
(Surplus)/Deficit On Revaluation Of Non-Current Assets	(2,523)	(4,240)	This is a notional change in the value of fixed (non-current) assets, based on changes in market conditions etc. No actual change in value will be achieved until such time as the asset is disposed of.
Actuarial (Gains) / Losses On Pensions Assets And Liabilities	61,444	(68,795)	This is a notional charge arising from the Actuary changing their assumptions on which future pensions liabilities are calculated, such as mortality rates, future interest rates, pay and pension increases, return on assets etc. In 2019/20 actuarial gains reduced the overall pensions liability, as the forecast rates of CPI (and therefore future salary and pensions increases) had reduced from the year before, largely due to market uncertainties surrounding the pandemic.

			In 2021 the forecast rate of CPI recovered to slightly more than the 2018/19 figure, although the salary and pension forecasts increased, they are still lower than the pre 2019/20 percentages, again reflecting the ongoing impacts of the pandemic.
Total Comprehensive Income And Expenditure	<b>71,746</b>	<b>(55,416)</b>	This shows the total cost of providing services, presented in accordance with generally accepted accounting practices, rather than showing the amount funded from taxation.

In order to aid understanding the following table shows the comparison between the revenue budget position, as reported to Resources Committee, and the Total Comprehensive Income and Expenditure figure set out above:-

	£m
Revenue Outturn	(0.363)
Transfer to DFM Earmarked reserve	0.015
Transfer for capital funding reserve	0.348
NWFC Outturn	(0.113)
Accounting for pensions under IAS19	13.584
Revenue Contributions to Capital Outlay	(2.491)
Adjustments between accounting basis and funding basis under regulations	1.847
Deficit on the provision of services	<b>12.825</b>
Surplus on revaluation of non-current assets	(2.523)
Actuarial loss on pensions assets and liabilities	61.444
Total Comprehensive Income and Expenditure	<b>71.746</b>

### Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into:-

- Usable Reserves - those that the Authority may use to provide services or reduce local taxation, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use
- Unusable Reserves – those include reserves that hold unrealised gains and losses (e.g. the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences 'between accounting basis and funding basis under regulations'.

The main points to note are:-

	Usable Reserves	Unusable Reserves	Total Reserves	
Balance at 1 April	33,860	(727,029)	(693,169)	
Deficit on the provision of service	(12,825)	-	(12,825)	This shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. As set out earlier it is not accounted for on the same basis as we account for council tax and hence does not tie into the actual revenue position set out in the Year End Revenue Outturn report.
Other Comprehensive Income And Expenditure	-	(58,921)	(58,921)	This relates to the surplus on revaluation of non-current assets and the actuarial loss on pensions assets and liabilities
Charges for depreciation and impairment of non-current assets	4,953	(4,953)	-	This shows the costs charged to the revenue budget for the utilisation of fixed assets in the year
Amortisation of intangible assets	221	(221)	-	This shows the costs charged to the revenue budget for the utilisation of intangible assets (Software) in the year
Amount by which the Code and the statutory pension costs differ	13,584	(13,584)	-	This shows the difference between the change in pension liability from one year to the next and the level of employer pension contributions and retirement benefits allowed for in the revenue budget/council tax calculation.
Amount by which collection fund income in the comprehensive income and expenditure statement is different from	-*	(-)*	-	*Not completed collection fund accounting – awaiting details from District Councils. This shows the difference in value between the amount due to be raised from council tax and

collection fund income calculated for the year in accordance with statutory requirements				business rates, as agreed as part of the budget setting process, and the amount collection authorities have actually collected on our behalf in the year, i.e. the difference between the assumed collection rate and the actual collection rate.
Statutory provision for the repayment of debt	(412)	412	-	This is the charge made against the revenue budget to reduce future borrowing requirements, and includes an element relating to debt associated with PFI and finance leases
Voluntary provision for the repayment of debt	(10)	10	-	In line with the approved Treasury Management Strategy for 2020/21, the Authority has prudently set aside MRP in relation to borrowing.
Capital expenditure charged against General Fund Balance	(2,491)	2,491	-	This is the level of capital expenditure which has been funded from contributions from the 2020/21 revenue budget, as agreed as part of the budget setting process and as shown in the Year End Capital Outturn report.
Net increase/decrease before transfers to earmarked reserves	3,020	(74,766)	(71,746)	This shows the Usable Reserves Balance change in year before any discretionary transfers to or from Earmarked Reserves undertaken by the Authority.
Transfers (to)/from capital funding reserves	(163)	163	-	These represents the transfers from the capital funding reserve referred to in the Year End Capital Outturn report and the Year End Usable Reserves and Provisions report.
Amount by which remuneration charged on an	130	(130)	-	This represents the movements on the Accumulated Absences

accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements				Adjustment Account, which reflects the increase in the amount of leave owing to staff as at year end.
Increase/Decrease in the year	2,988	(74,734)	(71,746)	This is the net change to reserves, comprising the Surplus/Deficit on provision of services, less any adjustments for items which don't affect council tax and any transfers to/from earmarked reserves and ties into the overall change in Usable reserves included in the Year End Usable Reserves and Provisions Outturn report
Balance at 31 March	<b>36,848</b>	<b>(801,763)</b>	<b>(764,915)</b>	These are the final reserve balances which are reflected in the balance sheet in the statement of accounts, and which tie in to the values shown in the Year End Usable Reserves and Provisions Outturn report.

## 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.



The main points to note are: -

	2020/21	2019/20	
<b>Long Term Assets</b>			
Property, Plant & Equipment	99,538	99,314	The value of property, plant & equipment has increased by £0.2m, due to the level of capital expenditure (£2.7m as shown in the Year End Capital Outturn report) and the net revaluation gains of £1.7m compared with depreciation charges of £4.2m.
Intangible assets	639	859	Intangible assets are assets which do not have a physical form, such as software, the reduction in value reflecting the level of amortisation of these assets, representing their usage in year.
Long Term Investments	10,000	5,000	The Authority holds two investments with Local Government bodies which is classed as long-term investments, i.e. over 12 months in duration, as shown in the Year End Treasury Management Outturn report.
<b>Current Assets</b>			
Inventories	279	238	The value of stock held has remained broadly in line with last year.
Short-Term Investments	5,000	5,000	The Authority holds one investment with Local Government bodies which are classed as short-term investments, i.e. under 12 months in duration, as shown in the Year End Treasury Management Outturn report.
Short-Term Debtors*	10,800	8,801	Debtors represent monies owed to the Authority on 31st March 2021. In order to improve cash flow this figure should be as low as possible however, it is inevitable that there will always be a balance on this due to the timing of invoices and the debt recovery process. The main debt relates to Council Tax, Business Rates (which represent our share of debts that billing authorities hold) and amounts owed to the Authority by the FF pension fund in the form of top up grant due during September 2021. *Note the collection fund accounting has not been completed for 2020/21, therefore the carrying values relating to Council Tax and Business Rates remain at the closing balances from 2019/20. These will be updated.

			The level of debtors at the year-end has increased as a result of S31 government grants relating to 2020/21 which will be received during 2021/22.
Cash & Cash Equivalents	22,603	27,922	This represents the cash book balance at the year end, which is held in a call account by Lancashire County Council (LCC) as shown in the Year End Treasury Management Outturn report. The reduction reflects the placing of fixed term investments during the year.
<b>Current Liabilities</b>			
Other Short-Term Liabilities	(452)	(417)	This relates to short term liabilities in respect of the Authorities PFI contracts with PFF Lancashire Ltd and Balfour Beatty Fire and Rescue NW Ltd and in addition the short-term element of finance leases.
Short-Term Creditors*	(9,581)	(10,252)	This figure represents the amount of money we owe to other bodies at 31st March 2021. The overall balance has reduced during the year as there was a large receipt in advance at the end of 2019/20. *Note the collection fund accounting has not been completed for 2020/21, therefore the carrying values relating to Council Tax and Business Rates remain at the closing balances from 2019/20. These will be updated.
<b>Long Term Liabilities</b>			
Provisions*	(1,536)	(1,580)	This shows the outstanding provisions, relating to the potential cost of outstanding insurance claims, which will have to be met by the Authority in future years, the remaining balance of the Authorities share of billing authority's business rates outstanding appeals. *Note the collection fund accounting has not been completed for 2020/21, therefore the carrying values relating to Council Tax and Business Rates remain at the closing balances from 2019/20. These will be updated.
Long-Term Borrowing	(2,000)	(2,000)	This represents the amount of long-term debt that the Authority holds which does not mature within the next 12 months. The balance of £2.0m is due to mature between 2035-2037.

Other Long-Term Liabilities	(900,205)	(826,053)	<p>This majority of this relates to adjustments required under IAS 19, and shows the extent to which the authority's liability to pay pension benefits in the future exceeds the value of assets held. This is particularly significant for the Fire Authority due to the unfunded nature of the fire-fighters pension scheme, resulting in a net liability of £887m.</p> <p>This also includes liabilities covering the remainder of the contract associated with the two PFI contracts;</p> <ul style="list-style-type: none"> <li>• PFF Lancashire Ltd for the provision of two fire stations,</li> <li>• Balfour Beatty Fire and Rescue for the provision of four fire stations within Lancashire, as part of the joint contract to provide sixteen stations across Lancashire, Cumbria and Merseyside.</li> </ul> <p>In addition, this also includes liabilities relating to an outstanding finance lease.</p>
<b>Total Assets Less Liabilities</b>	<b>(764,915)</b>	<b>(693,169)</b>	

<b>Financed By</b>			
<b>Usable Reserves:</b>			
Revenue Reserves	(17,100)	(14,177)	<p>This is the level of reserves that the Authority currently holds which can be utilised to offset future revenue expenditure, subject to the need to maintaining a prudent level of reserves and any statutory limitations on their use. It includes the general reserves as well as any earmarked reserves.</p> <p>The increase in year represents several government grants recognised in 2020/21 which will be spent during 2021/22, plus the transfer of £0.6m into a Covid timing reserve as referred to in the Year End Revenue Outturn report, and the Usable Reserves and Provisions Outturn report.</p>
Capital Funding Reserve	(17,967)	(17,583)	<p>This reserve holds £18.0m of balances to fund future capital expenditure, as referred to in the Year End Capital Outturn and Usable Reserves and Provisions Outturn reports.</p>
Capital Grant Unapplied	(101)	(438)	<p>The capital grant unapplied relates to the Authority's share of the NWFC end of year balances.</p>

Usable Capital Receipts Reserve	(1,680)	(1,663)	This represents the proceeds from the sale of fixed assets which are used to finance capital investment. The increase in value representing the sale proceeds for vehicles, as referred to in the Year End Usable Reserves and Provisions Outturn reports.
<b>Unusable Reserves:</b>			
Revaluation Reserve	(47,400)	(46,544)	This account holds unrealised revaluation gains, or losses, from holding fixed assets, as such any revaluations that have taken place since 1 April 2007 are reflected in this reserve. These reserves are matched by fixed assets within the Balance Sheet and are not resources available to spend.
Capital Adjustment Account	(38,893)	(39,325)	The Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital controls system. These reserves are matched by fixed assets within the Balance Sheet and are not resources available to spend.
Collection Fund Adjustment Account*	(589)	(589)	This account reflects the net effect of the adjustments required to show our share of each billing authority's council tax and business rates debtors and creditors at year end. *Note the collection fund accounting has not been completed for 2020/21, therefore the carrying values relating to Council Tax and Business Rates remain at the closing balances from 2019/20. These will be updated.
Accumulated Absences Adjustment Account	941	811	This account represents the value of leave accrued at the year end, but which has not yet been taken, and hence has been carried forward into the new financial year. However, given that the leave year for Fire Fighters runs from January to December leave entitlement is calculated on a pro-rata basis which can distort the overall position. The increase reflects the effect of untaken leave for both Fire Fighters and support staff.
Pensions Reserve	887,704	812,676	This relates to adjustments required under IAS 19, and is a notional reserve required in order to offset the net liability of the Authority in respect of the pension schemes.
	<b>764,915</b>	<b>693,169</b>	

## Cash Flow Statement

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

The main points to note are:-

	2020/21	2019/20	
Net Cash Flows Arising From Operating Activities	3,388	7,786	This shows the level of net cash generated by revenue activities, i.e. the level of income received in the form of grant, council tax etc., offset by payments made in respect of employee costs and non-pay costs etc. The reduction in 2020/21 reflects both the increase in debtors for the S31 grants relating to 2020/21 expected during 2021/22, and the reduction in the IAS19 adjustment for the net pensions charges applied to the CIES.
Investing Activities	(6,874)	7,116	This shows the cash outflows which have been made for resources that are intended to contribute to the Authority's future service delivery, such as placing an additional £5m on fixed term deposit, and £2.0m of expenditure on capital assets.
Financing Activities	(1,833)	(1,822)	This relates to the repayment of long-term debt, including that associated with PFI and finance leases.
Net increase/(decrease) in cash and cash equivalents	<b>(5,319)</b>	<b>13,080</b>	This shows the movement in the net cash immediately available within the Authority in a call account with LCC. This shows a reduction in year, reflecting the fixed term investments placed during the year.

## Signing of the Statement of Accounts

The unaudited Statement of Accounts will be signed by the Treasurer to certify that it presents a true and fair view of the financial position of the Authority as at 31 March 2021.

This will be subject to review by the Authority's external auditors, Grant Thornton, which is scheduled to take place in July to September. A further report will be presented to the Audit Committee in September, following completion of the external audit. At this meeting, the Chair of the Audit Committee will be asked to sign the final statement of accounts, as well as the Treasurer.

## Effect of IAS19 Pensions accounting on the Core Statements

To assist members understanding of the financial position at 31 March 2021, Appendix 6 contains the four core statements with the Pensions accounting for IAS19 removed. Most notable within these is the Balance Sheet which shows our true net worth at £123m.

## Financial Implications

As outlined in the report

## Business Risk Implications

The Statement of Accounts sets out how the Authority has performed financially in the year, and as such is a key means of stakeholders monitoring the Authority and assessing how it is performing.

## Environmental Impact

None

## Equality and Diversity Implications

None

## Human Resource Implications

None

## Local Government (Access to Information) Act 1985

### List of Background Papers

Paper	<i>Date</i>	Contact
SORP and Guidance	February 2021	Keith Mattinson, Director of Corporate Services
Final Account Working Papers	May 2021	Keith Mattinson, Director of Corporate Services
Reason for inclusion in Part II, if appropriate:		

## NARRATIVE REPORT

The Lancashire Combined Fire Authority (CFA) (the Authority) was established as a free-standing body from 1 April 1998. It sets its own budget, holds its own reserves, raises its own council tax and receives funding direct from the Government and through business rates.

The Authority must prepare and publish a Statement of Accounts annually. Its purpose is to give electors, local taxpayers, Fire Authority Members, employees and other interested parties clear information about the Fire authority's finances.

The aim is to provide information on:

- the cost of providing Fire Authority services in the financial year 2020/21
- how these services were paid for
- what assets the Fire Authority owned at the end of the financial year, and
- what was owed, to and by, the Fire Authority at the end of the financial year.

This narrative report gives a guide to the most important matters included in the Statement of Accounts.

### Contents of this Statement of Accounts

This Statement of Accounts covers the financial year ended on 31 March 2021 (referred to as 2020/21). It has been prepared in accordance with the Accounts and Audit Regulations 2015 as amended by the Accounts and Audit (Amendment) Regulations 2021 and the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21. The Statement contains:

**Statement on Annual Governance Arrangements** – Sets out the Authority's responsibilities with regard to the system of internal control and corporate governance.

**Independent Auditor's Report to the Members of Lancashire Combined Fire Authority** – The Auditor's report to the CFA on the accounts for 2020/21, which are set out in the sections shown below.

**Statement of Responsibilities for the Statement of Accounts** – Sets out the responsibilities of the Authority and the Treasurer with regards to the statement of accounts.

**Comprehensive Income & 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 Fire 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.

**Movement In Reserves Statement** – This statement shows the movement in year on the different reserves held by the Fire Authority analysed between usable and other

reserves. The surplus or (deficit) on the Provision of Services line shows the true economic cost of providing the Fire Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

**Balance Sheet** – This shows information on the financial position of the Fire Authority as at the 31 March 2021, including the level of balances and reserves at the Fire Authority's disposal, its long term indebtedness and the value of the assets held by the Fire Authority.

**Cash Flow Statement** – This shows the cash and cash equivalent movements in and out of the Fire Authority due to transactions with third parties for revenue and capital purposes.

**Fire Fighters Pension Fund Account and Net Assets Statement** – Shows the financial position of the fire fighters pension fund account, showing whether the Authority owes, or is owed, money by the Government in order to balance the account, together with details of its net assets.

## **Review of the Year**

We have remained financially secure and are in a strong position not only to face future challenges but to lead innovation and improvements in our sector. We have continued to invest in people, training and equipment; prioritised operational effectiveness and efficiency to meet the challenges of an increasingly complex environment; embedded clear values and strong leadership throughout the organisation; and looked for new ways to collaborate to improve services for local people.

In 2020 we faced the unprecedented effects of the Covid-19 pandemic and invoked our Business Continuity Plan to ensure we responded appropriately and proportionately. In terms of the impact on our provision of services, we continue to attend fires and road traffic collisions as before, but have had to temporarily cease some activities, such as Home Fire Safety checks where a member of staff enters the home, and the Fire Cadets programme. We continue to monitor the latest guidance and have prepared detailed plans to bring back on line all ceased activities when it is safe to do so.

Whilst operational crews continued to attend fire stations and provide services, the majority of non-operational staff were, where possible, provided with equipment to enable them to work from home. Where staff could not carry out their ordinary role from home, we utilised them to assist the Lancashire Resilience Forum in various duties benefitting the public of Lancashire, such as assistance with distribution of food parcels and maintaining telephone contact with vulnerable adults, and latterly with the roll out of the vaccine. Within the sector Lancashire has been at the forefront of these activities, with over 300 staff volunteering to support the delivery of over 350,000 vaccinations.

In 2018/19 Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) undertook its first independent inspection of the Service. Lancashire was one of only two services in the country to receive an outstanding rating along with all



other areas rated as good, and no areas requiring improvement in any of the 11 categories assessed. A second round of inspections is anticipated in 2021/22, and we remain focussed on continuous improvement with progress being made in improving protection services, identifying high potential staff and aspiring leaders and prioritising our risk-based inspection programme.

As a result of the pandemic Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) undertook a thematic review of the Fire Sectors, and individual authorities, response to the crisis. Whilst no overall rating is provided the report stated *"In summary, the service adapted and responded to the pandemic effectively. It used on-call and wholetime firefighters to respond to emergencies, and it gave additional support to the community during the first phase of the pandemic. Prevention and protection staff made home fire safety visits to the most vulnerable people and businesses. They used appropriate personal protective equipment (PPE) for these visits. This meant the people of Lancashire were well supported throughout the pandemic. The service was able to effectively deal with some significant incidents, such as wildfires and flooding, during this period."*

The Authority recruited 43 new whole-time firefighters and 32 new on call firefighters, of which 13% were female and 4% were from a BME background.

We have continued to develop collaborative opportunities. We are continuing to review further opportunities for site sharing with both North West Ambulance Service and Lancashire Constabulary. We continue to support Lancashire Constabulary by use of a shared drone, as well as assisting in missing persons searches.

2020/21 activity has increased marginally to just over 17,334 incidents, and the number of accidental dwelling fires increased by 58 from the previous year. Deliberate dwelling fires reduced to 105. A total of 811 gaining entry incidents were undertaken in 2020/21, broadly the same as the previous year.

## **The 2020/21 Financial Overview**

The Authority's spending is planned and controlled by an annual budget process, which leads to the setting of its budget requirement. Expenditure on the day-to-day running costs of the service is determined through the Revenue Budget and is recorded in the Comprehensive Income and Expenditure Statement.

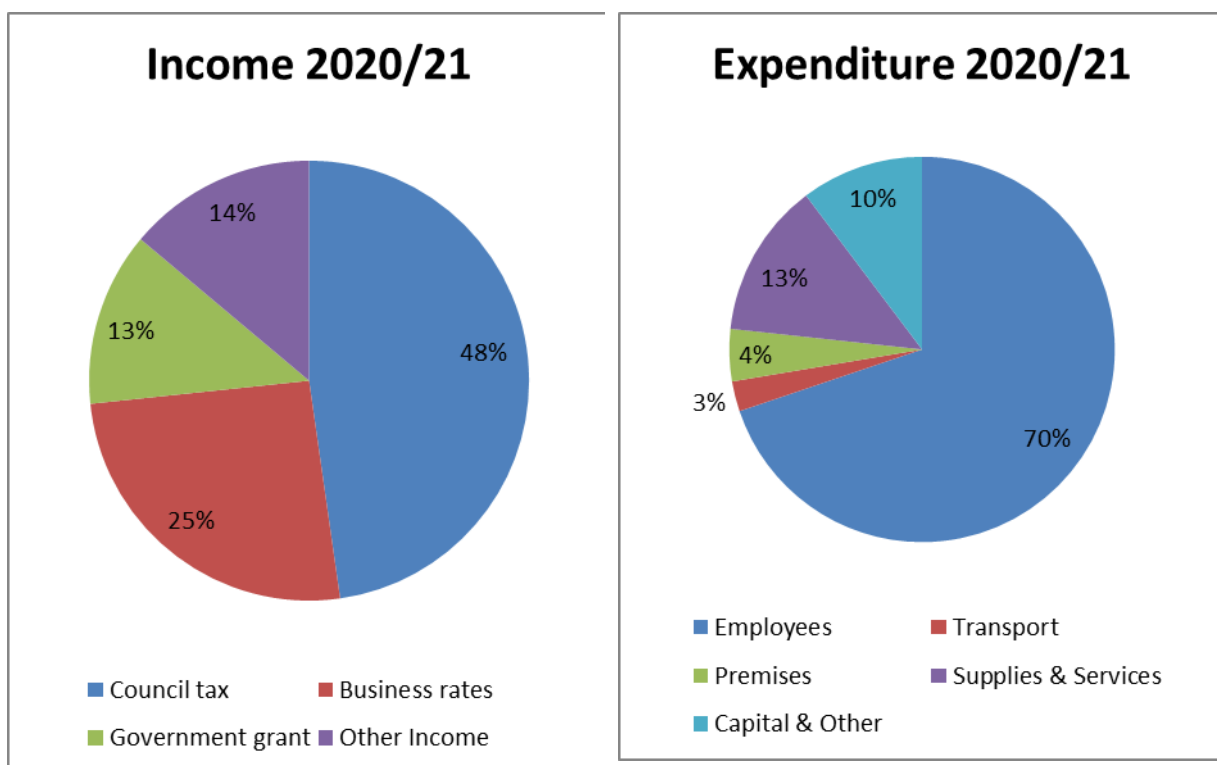
In setting its budget the Authority aims to balance the public's requirement for and expectations of our services with the cost of providing this. As such the revenue budget focuses on the need to:-

- deliver services as outlined in the Risk Management Plan and other plans
- maintain future council tax increases at reasonable levels
- continue to deliver efficiencies in line with targets
- continue to invest in improvements in service delivery and facilities
- set a robust budget that takes account of known and anticipated pressures
- maintain an adequate level of reserves

Despite an increase in Government funding of £0.4m, the Authority had to identify efficiencies of £0.8m and a potential draw down of £0.4m reserves in order to offset financial pressures and deliver an acceptable budget. This resulted in a gross revenue budget of £57.3m, an increase of just over 2%, and a council tax of £70.86. This represented a 1.99% increase in council tax, in line with the referendum limit. Based on this the budget was considered affordable, prudent and sustainable, whilst ensuring that the Authority was able to deliver against its corporate priorities.

The net revenue position shows an overall underspend of £0.4m, with the main variances relating to vacant posts, as early leavers/retirements have outstripped budgetary allowances, which is partly offset by increased capital financing costs associated with changes to the capital programme. This has negated the need for any drawdown from reserves to support the budget.

The following charts show a breakdown of where the monies we received come from and how we spent this:



A summarised comparison of the Fire Authority's expenditure for the year compared with budget is set out below:

<b>SofA forward spend analysis</b>			
Spend/Income type	£000		
	Budget	Spend	(Under)/ over spend
Employees: pay costs	45,885	45,228	(657)
Other employee related costs	1,114	1,030	(84)
Premises	2,910	2,900	(10)
Transport	2,073	1,678	(395)
Supplies & services	8,828	8,617	(211)
Capital financing costs & other	5,825	6,814	989
<b>Total Expenditure</b>	<b>66,635</b>	<b>66,268</b>	<b>(367)</b>
Other Income	(9,296)	(9,253)	43
<b>Budget requirement</b>	<b>57,340</b>	<b>57,015</b>	<b>(324)</b>
Funded by:			
Council tax	(31,813)	(31,813)	-
Business rates	(17,003)	(17,041)	(38)
Government grant	(8,524)	(8,524)	-
	(57,340)	(57,378)	(38)
<b>Net Underspend</b>	<b>-</b>	<b>(363)</b>	<b>(363)</b>

The following reconciliation shows the comparison between the revenue budget position, as set out above, and the Total Comprehensive Income and Expenditure figure reported in the accounts on page 19.

	£m
Revenue Outturn	(0.363)
Transfer to DFM Earmarked reserve	0.015
Transfer for Capital Funding reserve	0.348
Recognise 25% share in North West FireControl Limited	(0.113)
Accounting for pensions under IAS19	13.584
Revenue Contributions to Capital Outlay	(2.491)
Adjustments between accounting basis and funding basis under regulations	1.845
Deficit on the provision of services	<b>12.825</b>
Surplus on revaluation of non-current assets	(2.523)
Actuarial loss on pensions assets and liabilities	61.444
<b>Total Comprehensive Income and Expenditure</b>	<b>71.746</b>

As the Authority's current general fund balance stands at £6.0m and given the scale of the capital programme the revenue underspend of £0.4m has been transferred into the capital funding reserve, reducing future borrowing requirement. The Authority's (excluding North West FireControl) general fund balance therefore remains at £6.0m within the target level identified by the Treasurer (a minimum of £3.2m and a maximum of £10.0m). (Note the General Fund Balance including our share of North West FireControl general reserves is £6.5m.) This still provides capacity to cope with anticipated funding cuts in the short term whilst appropriate efficiencies are identified, and the on-going use of reserves remains a key element of the Authority's future financial plans. It is worth noting that the latest medium term financial strategy,

identified at the time of setting the 2021/22 budget, shows over £4m of this reserve being used to balance the anticipated revenue budget funding gap by 2026.

The Authority also holds an additional £10.6m of earmarked revenue reserves and £19.6m of capital reserves and receipts. The Capital reserves and receipts are fully utilised within the medium-term financial strategy, reducing to zero in 2025/26. It is also worth noting that over half of the earmarked reserve relates to the Authorities two PFI schemes, whereby monies are set aside in the early years of the schemes to meet future costs, thus smoothing out the impact of inflationary pressures.

The Authority has continued to invest in its asset base, with capital expenditure incurred in the year totalling £2.7m, as set out below:-

	Spend
Vehicles	
<ul style="list-style-type: none"> <li>• Pumping Appliances – completion of stage payments for 7 Pumping Appliances from the 2018/19 capital programme</li> <li>• Operational Support Vehicles –various support vehicles, such as vans and cars</li> </ul>	<p>£0.3m</p> <p>£0.4m</p>
Buildings	
<ul style="list-style-type: none"> <li>• Training Centre – STC Workshop</li> <li>• South Shore Fire Station refurbishment &amp; extension</li> </ul>	<p>£1.7m</p> <p>£0.3m</p>
Total	£2.7m

The Balance Sheet shows that the Authority’s Total Net Liabilities have increased to £765m. This reflects the Authority’s compliance with International Accounting Standards and in particular the requirement to show the full pensions liability in the accounts. Whilst the liability on the Local Government Pension Scheme is partly funded the Fire-fighters Pension Scheme is unfunded, i.e. there are no assets from which future liabilities will be paid, and hence the Authority’s overall pension liability of £888m is extremely large. If this liability was excluded the Authority’s Total Net Assets would be £123m. The pension liability includes estimated costs in relation to the McCloud judgement, further details can be found in Note 20.

Long term assets have increased slightly in value to £110m, reflecting the increase in long term investments.

### Future Financial Plans

Due to economic uncertainty the anticipated 4 year Spending Review was reduced to a single year review, covering 2021/22, with a new Spending Review planned for next year. This is anticipated to cover 2022-2025. This year should also have seen the outcome of the Fair Funding review, which looked to re-assess the methodology under which funding was allocated to individual authorities, and the implementation of a 75% Business Rates Retention Scheme, however given current pandemic and economic uncertainty both of these have been put on hold for at least a further 12 months. As a result the 2021/22 Local Government Finance Settlement showed an increase in the Governments Settlement Funding Assessment of 0.19%.

The Authority has plans to deliver £0.2m of cashable efficiencies in 2021/22 but these are more than offset by increased costs associated with the need to build additional capacity into support departments and the additional costs associated with the increase in Firefighter numbers following ongoing recruitment campaigns. Overall, these changes result in a revenue budget of £58.5m. However, in order to deliver a council tax increase within the referendum limit (2%) the Authority needed to either identify further savings or utilise reserves of £0.3m, resulting in a net revenue budget requirement is £58.2m, an increase of 1.5%, resulting in a council tax of £72.27, an increase of 1.99%. It should be note that no allowance was built in for pay awards in 21/22, following the government announcement for an intended public sector pay freeze. Based on this the budget, as presented, is considered affordable, prudent and sustainable, whilst ensuring that the Authority is able to deliver against its corporate priorities.

Given economic uncertainty, particularly surrounding the Covid-19 pandemic, the longer term implications of Brexit, the potential impact of the Fair Funding Review and the roll out of greater local retention of Business rates, it is extremely difficult to anticipate what funding will look like beyond the existing settlement, hence for the purpose of medium term financial strategy we had assumed that the funding will increase broadly in line with inflation, at 1.5% per annum.

Based on this we will be faced with a funding gap in future years, the extent of which depends on future council tax decisions, and we will continue to utilise reserves and identify savings in order to deliver a balanced budget in the medium term.

Overall, the Authority is well placed to meet the financial challenges that it faces in the medium term, and will continue to balance future council tax levels and the need for investment whilst maintaining effective service delivery.

The capital budget continues to invest in our asset base, in particular vehicle replacement, refurbishment/replacement of stations, new IT requirements and new operational equipment. This gives rise to a capital program of £44m over the next five years.

We will continue to invest in training assets, with work on-going to provide new workshop/BA training facilities at the Training Centre. We will undertake a more detailed feasibility study on the relocation of Service Headquarters.

We will continue to invest in our operational equipment to ensure that our staff have the best equipment available, and the programme includes the replacement of our Breathing Apparatus sets and telemetry, our cutting/extrication equipment, defibrillators and light portable pumps over the next five years.

When the national Emergency Services Mobile Communications Programme (ESMCP) progresses to a stage where we can purchase replacement radio and mobilising equipment we will upgrade our current provision. This project has incurred delays and is outside of our control. It is assumed that any costs to the Authority will be funded by specific capital grant

Whilst the majority of this can be funded from a combination of revenue contributions, specific capital grant provided by the government, capital reserves and receipts and general reserves. Should the replacements of both Service Headquarters and Preston Fire Station go ahead, over the five years there is a potential shortfall in funding of £11m in the final year of the programme. However, the programme is based on many assumptions which will be refined over time. Over the next three years the capital programme is affordable, sustainable and prudent.

The following significant financial risks have all been assessed and the Treasurer feels that these are adequately covered within the budget estimates or within the level of reserves currently held:-

- Reductions in funding levels over and above those forecast;
- Reduction in funding via Business Rates retention scheme;
- Reduction in council tax funding due to changes in collection rates, localisation of council tax support, reducing tax base and/or council tax referendum limits;
- Higher than anticipated inflation;
- Larger increases in future pension costs/contributions;
- Significant changes in retirement profiles;
- Increase in costs arising from demand led pressures, i.e. increasing staff numbers, overtime due to spare conditions or major equipment replacement requirements;

Financial plans will continue to be reviewed in light of the pandemic with particular reference to Council Tax and Business Rates income funding projections.

### **Accounting Changes**

The accounts have been prepared in accordance with the requirements of the latest Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice 2020/21 (the Code).

## Comprehensive Income &amp; Expenditure Account

<b>Comprehensive Income &amp; Expenditure Account</b>						
	<b>2020/21</b>			<b>2019/20</b>		
	<b>Gross Expenditure</b>	<b>Income</b>	<b>Net Expenditure</b>	<b>Gross Expenditure</b>	<b>Income</b>	<b>Net Expenditure</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>			
<b>Continuing operations</b>						
Service Delivery	34,637	(1,992)	32,645	35,760	(2,022)	33,738
Strategy & Planning	13,238	(823)	12,415	9,065	(489)	8,576
People & Development	1,613	(2)	1,611	1,633	-	1,633
Corporate Services	4,880	(58)	4,821	5,081	(60)	5,021
FF Pensions	1,307	(23)	1,285	1,310	(27)	1,283
Overheads	6,587	(5,014)	1,574	6,776	(4,930)	1,846
<b>Net cost of services</b>	<b>62,262</b>	<b>(7,912)</b>	<b>54,350</b>	<b>59,625</b>	<b>(7,528)</b>	<b>52,097</b>
<b>Other operating expenditure</b>						
(Gain)/Loss on disposal of fixed assets			(17)			(14)
<b>Financing &amp; investment income &amp; expenditure</b>						
Interest payable and similar charges			1,439			1,461
Pensions interest cost and expected return on pensions assets			18,207			21,130
Interest and investment income			(253)			(332)
<b>Taxation and non-specific grant income</b>						
Council tax			(31,813)			(30,724)
Revenue support grant			(8,523)			-
Non-domestic rates redistribution			(15,757)			(23,930)
Non specific grant income:						
Capital grant			(253)			(417)
Business rates S31 grant			(1,284)			(1,654)
Business rates additional reliefs S31 grant			(1,925)			-
Covid relief S31 grant			(1,346)			-
<b>Deficit on provision of services</b>			<b>12,825</b>			<b>17,618</b>
(Surplus)/Deficit on revaluation of fixed assets			(2,523)			(4,240)
Actuarial (gains)/losses on pension fund assets			61,444			(68,795)
<b>Other comprehensive income &amp; expenditure</b>			<b>58,921</b>			<b>(73,035)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>71,746</b>			<b>(55,416)</b>

## Movement in Reserves Statement

	Usable Reserves							Unusable Reserves						Unusable Reserves	Total reserves
	General Fund	Earmarked Reserves	Total General Fund Balance	Capital Fund	Capital grant unapplied	Usable Capital Receipts	Usable Reserves	Reval Reserve	CAA	AAAA	Coll Fund	Pension Reserve			
Bal at 1.4.20	6,350	7,827	14,177	17,582	438	1,663	33,860	46,544	39,325	(811)	589	(812,676)	(727,029)	(693,169)	
Surplus/(Deficit) on provision of services	(12,825)		(12,825)				(12,825)						-	(12,825)	
Other comprehensive income & expenditure			-				-	2,523				(61,444)	(58,921)	(58,921)	
Total comprehensive income & expenditure	(12,825)	-	(12,825)	-	-	-	(12,825)	2,523	-	-	-	(61,444)	(58,921)	(71,746)	
Adjustments between accounting basis and funding basis under regulations:															
Depreciation & impairment of non-current assets	4,953		4,953				4,953	(1,667)	(3,286)				(4,953)	(0)	
Amortisation of intangible assets	221		221				221		(221)				(221)	-	
Write off of assets disposed	(17)		(17)			17	-	-					-	-	
Utilisation of capital grant unapplied	337		337		(337)		-		-				-	-	
Amount by which the code & statutory pension costs differ	13,584		13,584				13,584					(13,584)	(13,584)	-	
Amount by which the collection fund income in CI&E is different to the amount taken from the GFB	-		-				-				-		-	-	
Statutory provision for the repayment of debt	(412)		(412)				(412)		412				412	-	
Capital expenditure charged to the GFB	(2,491)		(2,491)				(2,491)		2,491				2,491	-	
Voluntary provision for the repayment of debt	(10)		(10)				(10)		10				10	-	
	16,165	-	16,165	-	(337)	17	15,845	(1,667)	(594)	-	-	(13,584)	(15,845)	(0)	
<b>Net increase/decrease before transfers to earmarked reserves</b>	<b>3,340</b>	<b>-</b>	<b>3,340</b>	<b>-</b>	<b>(337)</b>	<b>17</b>	<b>3,020</b>	<b>856</b>	<b>(594)</b>	<b>-</b>	<b>-</b>	<b>(75,028)</b>	<b>(74,766)</b>	<b>(71,746)</b>	
Tfr to/(from) earmarked reserves	(3,010)	3,010	-				-						-	-	
Tfr to/(from) capital fund	(347)	(200)	(547)	384			(163)		163				163	-	
Postings between the GFB and AAAA	130		130				130			(130)			(130)	-	
Net tfr to/(from) earmarked reserves	(3,226)	2,810	(417)	384	-	-	(32)	-	163	(130)	-	-	32	-	
<b>Increase/Decrease in the year</b>	<b>113</b>	<b>2,810</b>	<b>2,923</b>	<b>384</b>	<b>(337)</b>	<b>17</b>	<b>2,988</b>	<b>856</b>	<b>(432)</b>	<b>(130)</b>	<b>-</b>	<b>(75,028)</b>	<b>(74,734)</b>	<b>(71,746)</b>	
<b>Bal at 31.3.21</b>	<b>6,463</b>	<b>10,636</b>	<b>17,100</b>	<b>17,966</b>	<b>101</b>	<b>1,680</b>	<b>36,847</b>	<b>47,400</b>	<b>38,893</b>	<b>(941)</b>	<b>589</b>	<b>(887,704)</b>	<b>(801,763)</b>	<b>(764,915)</b>	



## Balance Sheet

<b>SUMMARY</b>	<b>2020/21</b>	<b>2019/20</b>
	<b>LFRS</b>	<b>LFRS</b>
	<b>£000</b>	<b>£000</b>
Property, plant & equipment	99,538	99,314
Intangible assets	639	859
Long-term investments	10,000	5,000
<b>Total Long Term Assets</b>	<b>110,177</b>	<b>105,172</b>
Inventories	279	238
Short term investments	5,000	5,000
Short term debtors	10,800	8,801
Cash & cash equivalents	22,603	27,922
<b>Current Assets</b>	<b>38,683</b>	<b>41,960</b>
Other short term liabilities	(452)	(417)
Short term creditors	(9,581)	(10,252)
<b>Current Liabilities</b>	<b>(10,034)</b>	<b>(10,668)</b>
Provisions	(1,536)	(1,580)
Long term borrowing	(2,000)	(2,000)
Other long term liabilities	(900,205)	(826,053)
<b>Long Term Liabilities</b>	<b>(903,740)</b>	<b>(829,633)</b>
<b>TOTAL ASSETS LESS LIABILITIES</b>	<b>(764,915)</b>	<b>(693,169)</b>
<b>FINANCED BY:</b>		
Revenue Reserves	(17,100)	(14,177)
Capital Funding Reserve	(17,967)	(17,583)
Capital grants unapplied	(101)	(438)
Usable Capital Receipts Reserve	(1,680)	(1,663)
<b>Usable Reserves:</b>	<b>(36,848)</b>	<b>(33,861)</b>
Revaluation Reserve	(47,400)	(46,544)
Capital Adjustment Account	(38,893)	(39,325)
Collection Fund Adjustment Account	(589)	(589)
Accumulated Absences Adjustment Account	941	811
Pensions Reserve	887,704	812,676
<b>Unusable Reserves:</b>	<b>801,763</b>	<b>727,029</b>
<b>Total Net Worth</b>	<b>764,915</b>	<b>693,169</b>

## Cash Flow Statement

	2020/21	2019/20
	£000	£000
Net deficit on the provision of services	(13,249)	(17,618)
Adjustments to net deficit on the provision of services for non-cash movements	15,319	24,150
Adjustments to net deficit on the provision of services for investing/financing activities	1,318	1,255
<b>Net cash inflows from operating activities</b>	<b>3,388</b>	<b>7,786</b>
Investing activities		
Purchase of fixed assets & other capital spend	(1,972)	(3,068)
Increase in long term deposits	(5,000)	-
(Increase)/Decrease in short term deposits	-	10,000
Receipts from investing activities	98	184
	(6,874)	7,116
Financing activities		
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(417)	(384)
Repayment of long term borrowing	-	-
Payments for financing activities	(1,416)	(1,439)
	(1,833)	(1,822)
<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>(5,319)</b>	<b>13,080</b>
Cash and cash equivalents at the beginning of the reporting period	27,922	14,841
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>22,603</b>	<b>27,922</b>

## Core statements without IAS19 pension fund accounting

### Comprehensive Income and Expenditure Statement

<b>Comprehensive Income &amp; Expenditure Account - non IAS19</b>						
	<b>2020/21</b>			<b>2019/20</b>		
	<b>Gross Expenditure £000</b>	<b>Income £000</b>	<b>Net Expenditure £000</b>	<b>Gross Expenditure</b>	<b>Income</b>	<b>Net Expenditure</b>
<b>Continuing operations</b>						
Service Delivery	39,438	(1,992)	37,447	41,389	(2,022)	39,366
Strategy & Planning	13,642	(823)	12,819	9,339	(489)	8,850
People & Development	1,398	(2)	1,396	1,419	0	1,419
Corporate Services	4,628	(58)	4,569	4,867	(60)	4,807
FF Pensions	1,307	(23)	1,285	1,310	(27)	1,283
Overheads	6,472	(5,014)	1,458	5,850	(4,930)	921
<b>Net cost of services</b>	<b>66,885</b>	<b>(7,912)</b>	<b>58,974</b>	<b>64,174</b>	<b>(7,528)</b>	<b>56,646</b>
<b>Other operating expenditure</b>						
(Gain)/Loss on disposal of fixed assets			(17)			(14)
<b>Financing &amp; investment income &amp; expenditure</b>						
Interest payable and similar charges			1,439			1,461
Interest and investment income			(253)			(332)
<b>Taxation and non-specific grant income</b>						
Council tax			(31,813)			(30,724)
Revenue support grant			(8,523)			-
Non-domestic rates redistribution			(15,757)			(23,930)
Non specific grant income:						
Capital grant			(253)			(417)
Business rates S31 grant			(1,284)			(1,654)
Business rates additional reliefs S31 grant			(1,925)			-
Covid relief S31 grant			(1,346)			-
<b>(Surplus) / Deficit on provision of services</b>			<b>(758)</b>			<b>1,037</b>
(Surplus)/Deficit on revaluation of fixed assets			(2,523)			(4,240)
<b>Other comprehensive income &amp; expenditure</b>			<b>(2,523)</b>			<b>(4,240)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>(3,282)</b>			<b>(3,203)</b>

## Movement in Reserves Statement

	Usable Reserves							Unusable Reserves						Total reserves
	General Fund	Earmarked Reserves	Total General Fund Balance	Capital Fund	Capital grant unapplied	Usable Capital Receipts	Usable Reserves	Reval Reserve	CAA	AAAA	Coll Fund	Pension Reserve	Unusable Reserves	
Bal at 1.4.20	6,350	7,827	14,177	17,582	438	1,663	33,860	46,544	39,325	(811)	589	-	85,647	119,507
Surplus/(Deficit) on provision of services	758		758				758						-	758
Other comprehensive income & expenditure			-				-	2,523				-	2,523	2,523
Total comprehensive income & expenditure	758	-	758	-	-	-	758	2,523	-	-	-	-	2,523	3,282
Adjustments between accounting basis and funding basis under regulations:														
Depreciation & impairment of non-current assets	4,953		4,953				4,953	(1,667)	(3,286)				(4,953)	(0)
Amortisation of intangible assets	221		221				221		(221)				(221)	-
Write off of assets disposed	(17)		(17)			17	-	-					-	-
Utilisation of capital grant unapplied	337		337		(337)		-		-				-	-
Amount by which the collection fund income in Cl&E is different to the amount taken from the GFB	-		-				-				-		-	-
Statutory provision for the repayment of debt	(412)		(412)				(412)		412				412	-
Capital expenditure charged to the GFB	(2,491)		(2,491)				(2,491)		2,491				2,491	-
Voluntary provision for the repayment of debt	(10)		(10)				(10)		10				10	-
	2,582	-	2,582	-	(337)	17	2,262	(1,667)	(594)	-	-	(0)	(2,262)	(0)
<b>Net increase/decrease before transfers to earmarked reserves</b>	<b>3,340</b>	<b>-</b>	<b>3,340</b>	<b>-</b>	<b>(337)</b>	<b>17</b>	<b>3,020</b>	<b>856</b>	<b>(594)</b>	<b>-</b>	<b>-</b>	<b>(0)</b>	<b>262</b>	<b>3,282</b>
Tfr to/(from) earmarked reserves	(3,010)	3,010	-				-						-	-
Tfr to/(from) capital fund	(347)	(200)	(547)	384			(163)		163				163	-
Postings between the GFB and AAAA	130		130				130			(130)			(130)	-
Net tfr to/(from) earmarked reserves	(3,226)	2,810	(417)	384	-	-	(32)	-	163	(130)	-	-	32	-
<b>Increase/Decrease in the year</b>	<b>113</b>	<b>2,810</b>	<b>2,923</b>	<b>384</b>	<b>(337)</b>	<b>17</b>	<b>2,988</b>	<b>856</b>	<b>(432)</b>	<b>(130)</b>	<b>-</b>	<b>(0)</b>	<b>294</b>	<b>3,282</b>
<b>Bal at 31.3.21</b>	<b>6,463</b>	<b>10,636</b>	<b>17,100</b>	<b>17,966</b>	<b>101</b>	<b>1,680</b>	<b>36,847</b>	<b>47,400</b>	<b>38,893</b>	<b>(941)</b>	<b>589</b>	<b>(0)</b>	<b>85,941</b>	<b>122,788</b>

## Balance Sheet

<b>Balance Sheet Non IAS19</b>	<b>2020/21</b>	<b>2019/20</b>
	<b>LFRS</b>	<b>LFRS</b>
	<b>£000</b>	<b>£000</b>
Property, plant & equipment	99,538	99,314
Intangible assets	639	859
Long-term investments	10,000	5,000
<b>Total Long Term Assets</b>	<b>110,177</b>	<b>105,172</b>
Inventories	279	238
Short term investments	5,000	5,000
Short term debtors	10,800	8,801
Cash & cash equivalents	22,603	27,922
<b>Current Assets</b>	<b>38,683</b>	<b>41,960</b>
Other short term liabilities	(452)	(417)
Short term creditors	(9,581)	(10,252)
<b>Current Liabilities</b>	<b>(10,034)</b>	<b>(10,668)</b>
Provisions	(1,536)	(1,580)
Long term borrowing	(2,000)	(2,000)
Other long term liabilities	(12,501)	(13,377)
<b>Long Term Liabilities</b>	<b>(16,037)</b>	<b>(16,957)</b>
<b>TOTAL ASSETS LESS LIABILITIES</b>	<b>122,789</b>	<b>119,507</b>
<b>FINANCED BY:</b>		
Revenue Reserves	(17,100)	(14,177)
Capital Funding Reserve	(17,967)	(17,583)
Capital grants unapplied	(101)	(438)
Usable Capital Receipts Reserve	(1,680)	(1,663)
<b>Usable Reserves:</b>	<b>(36,848)</b>	<b>(33,861)</b>
Revaluation Reserve	(47,400)	(46,544)
Capital Adjustment Account	(38,893)	(39,325)
Collection Fund Adjustment Account	(589)	(589)
Accumulated Absences Adjustment Account	941	811
Pensions Reserve		
<b>Unusable Reserves:</b>	<b>(85,941)</b>	<b>(85,647)</b>
<b>Total Net Worth</b>	<b>(122,789)</b>	<b>(119,507)</b>

## Cashflow Statement

<b>CASH FLOW STATEMENT Non IAS19</b>			
	<b>2020/21</b>	<b>2019/20</b>	
	<b>£000</b>	<b>£000</b>	
Net deficit on the provision of services	758	(1,037)	
Adjustments to net deficit on the provision of services for non-cash movements	1,312	7,569	
Adjustments to net deficit on the provision of services for investing/financing activities	1,318	1,255	
<b>Net cash inflows from operating activities</b>	<b>3,388</b>	<b>7,786</b>	
Investing activities			
Purchase of fixed assets & other capital spend	(1,972)	(3,068)	
Increase in long term deposits	(5,000)	-	
(Increase)/Decrease in short term deposits	-	10,000	
Receipts from investing activities	98	184	
	(6,874)	7,116	
Financing activities			
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(417)	(384)	
Repayment of long term borrowing	-	-	
Payments for financing activities	(1,416)	(1,439)	
	(1,833)	(1,822)	
<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>(5,319)</b>	<b>13,080</b>	
Cash and cash equivalents at the beginning of the reporting period	27,922	14,841	
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>22,603</b>	<b>27,922</b>	