



**Wednesday,
7 October 2020
10.00 am**

**Meeting of
Cheshire Fire Authority
Remote Meeting
Via Skype**

Contact Officer:
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Cheshire Fire Authority

Notes for Members of the Public

Attendance at Meetings

The Cheshire Fire Authority welcomes and encourages members of the public to be at its meetings and Committees.

This meeting of the Fire Authority will be held by remote means, i.e. the meeting will not be taking place in person at Sadler Road, but will be hosted over the Internet, using Skype for Business, with participants located in a variety of places.

The Government introduced legislation, due to the Coronavirus pandemic, that enables remote meetings to take place and the Fire Authority has adopted rules that allow and govern the way that remote meetings will work. The rules can be accessed [here](#).

The meeting must be open to the public and press. However, as the public and press cannot attend in person the Fire Authority is arranging for the meeting to be broadcast. Final details about how to access the broadcast will be published on the website prior to the meeting.

Questions by Electors

Given the current situation, questions for the Chair of the Fire Authority can be submitted by email to DemocraticServices@cheshirefire.gov.uk. Questions must be received at least five clear working days before the meeting takes place.

Access to Information

Copies of the Agenda are available on the Service's website (www.cheshirefire.gov.uk). A copy can also be obtained from Democratic Services via DemocraticServices@cheshirefire.gov.uk.

The Agenda is usually divided into two parts. Members of the public are allowed to stay for the first part. When the Authority is ready to deal with the second part you will be asked to leave the remote meeting, because the business to be discussed will be of a confidential nature, for example, dealing with individual people and contracts.

This agenda is available in large print, Braille, audio CD or in community languages upon request by contacting; Telephone: 01606868414 or email: equalities@cheshirefire.gov.uk

Recording of Meetings

The Authority audio records its meetings. Please contact Democratic Services for a copy of the recording via DemocraticServices@cheshirefire.gov.uk.



MEETING OF THE CHESHIRE FIRE AUTHORITY

WEDNESDAY, 7 OCTOBER 2020

Time : 10.00 am

Remote Meeting - Via Skype

AGENDA

PART 1 - BUSINESS TO BE DISCUSSED IN PUBLIC

1 PROCEDURAL MATTERS

1A Recording of Meeting

Members are reminded that this meeting will be audio-recorded.

1B Apologies for Absence

1C Chair's Announcements

To receive any announcements that the Chair wishes to make prior to the commencement of the formal business of the meeting.

1D Declaration of Members' Interests

Members are reminded that the Members' Code of Conduct requires the disclosure of Statutory Disclosable Pecuniary Interests, Non-Statutory Disclosable Pecuniary Interests and Disclosable Non-Pecuniary Interests.

1E Minutes of Fire Authority

(Pages 1 - 10)

To confirm as a correct record the minutes of the Fire Authority Meeting held on 1st July 2020.

1F Minutes of Performance and Overview Committee

(Pages 11 - 26)

To receive, for information, the minutes of the Performance and Overview Committee meetings held on 22nd July and 2nd September 2020.

1G Minutes of the Closure of Accounts Committee

(Pages 27 - 30)

To receive, for information, the minutes of the Closure of Accounts Committee meeting held on 22nd July 2020.

1H Minutes of Governance and Constitution Committee

(Pages 31 - 36)

To receive, for information, the minutes of the Governance and Constitution Committee meeting held on 29th July 2020.

1I Notes of the Pension Board

(Pages 37 - 42)

To receive, for information, the notes of the Pension Board meeting held on 3rd August 2020.

- 1J Updated Programme of Meetings 2020-21** (Pages 43 - 44)
To receive, for information, the latest version of the Programme.

ITEMS REQUIRING DISCUSSION / DECISION

- | | | |
|----------|--|------------------|
| 2 | External Audit Findings Report 2019-20 | (Pages 45 - 74) |
| 3 | Final Accounts 2019-20 and Annual Governance Statement | (Pages 75 - 184) |
| 4 | Statement of Assurance 2019-20 | (Pages 185 -208) |
| 5 | Annual Report 2019-20 | (Pages 209 -218) |
| 6 | Review of Member Training and Development 2019-20 | (Pages 219 -236) |
| 7 | Integrated Risk Management Plan 2020-24 - Review and Consultation | (Pages 237 -242) |

PART 2 - BUSINESS TO BE DISCUSSED IN PRIVATE - NONE



MINUTES OF THE MEETING OF THE CHESHIRE FIRE AUTHORITY held on Wednesday, 1 July 2020 - Remote Meeting commencing at 10.30 am

PRESENT: Councillors Bob Rudd, Rachel Bailey, Michael Beanland, Mike Biggin, David Brown, Razia Daniels, Martyn Delaney, David Edwardes, Phil Harris, Jill Houlbrook, Marilyn Houston, Gina Lewis, Nick Mannion, Karen Mundry, Stef Nelson, James Nicholas, Stuart Parker, Jonathan Parry, Rob Polhill, Peter Wheeler, Norman Wright, Steve Wright and Police and the Crime Commissioner for Cheshire, David Keane

1 PROCEDURAL MATTERS

A Appointments for 2020-21

The Director of Governance and Commissioning introduced the report which set out the political proportions, political proportionality rules and allocations of seats on committees. It also allowed appointments to be made for 2020-21. The report had been prepared on the following bases: that there would be no changes to the responsibilities of the Fire Authority and its committees, boards and groups from 2019-20; and that appointments would be carried forward from 2019-20, as far as possible.

Appendix 2 to the report contained details of all of the appointments. The Director of Governance and Commissioning informed Members that three positions had been confirmed since publication of the report: Councillor Karen Mundry had been appointed as Lead Member for Warrington Borough Council; Councillor Peter Wheeler had been confirmed as the replacement on the Brigade Managers' Pay and Performance Committee; and Councillor Steve Wright had been confirmed as the Member Champion for Mental Health. These names needed to be added to those contained in the printed version of Appendix 2 to the report.

Councillor Bob Rudd proposed that the recommendations in the report should be approved (as supplemented by the names added to Appendix 2 to the report). This was seconded by Councillor Stuart Parker.

The Director stated that he understood that the proposal was agreed but gave Members an opportunity to speak if they disagreed. No-one indicated and the Director confirmed that the proposal was approved.

RESOLVED: That

- [1] the political proportions on the Fire Authority as set out in paragraph 5 be noted and the approach to the allocation of seats explained in paragraph 6 and 7 of the report and Appendix 1 be noted;
- [2] the continuing involvement of the independent (non-elected) members as set out in paragraphs 13 and 14 of the report be agreed;

[3] the appointments contained in Appendix 2 as supplemented at the meeting (suspending those parts of the Constitution that dictate how certain appointments are made) be agreed; and

[4] the continuation of the Member/officer buddy arrangements be agreed.

Councillor Bob Rudd took the Chair at this point.

B Recording of Meeting

This was the first meeting to be held using Skype and in accordance with the Remote Meeting Rules. The Director of Governance and Commissioning confirmed how participants were connected to the meeting and how it would be broadcasted. He also mentioned how the meeting arrangements would be monitored throughout.

Members were reminded that the meeting would be audio-recorded.

C Fire Authority Membership 2020-21

The agenda contained details of the appointments to the Fire Authority for the 2020-21 municipal year:

Appointed by Cheshire East Council (3 Con, 3 Lab, 2 Ind)

Labour	Conservative	Independent
Cllr Marilyn Houston	Cllr Rachel Bailey	Cllr David Edwardes
Cllr Nick Mannion	Cllr Michael Beanland	Cllr James Nicholas
Cllr Jonathan Parry	Cllr David Brown	

Appointed by Cheshire West and Chester Council (4 Con, 4 Lab)

Labour	Conservative
Cllr Martyn Delaney	Cllr Razia Daniels
Cllr Gina Lewis	Cllr Jill Houlbrook
Cllr Bob Rudd	Cllr Stuart Parker
Cllr Peter Wheeler	Cllr Norman Wright

Appointed by Halton Borough Council (3 Lab)

Labour
Cllr Phil Harris
Cllr Stef Nelson
Cllr Rob Polhill

Appointed by Warrington Borough Council (3 Lab, 1 Lib Dem)

Labour	Liberal Democrat
Cllr Les Morgan	Cllr Mike Biggin
Cllr Karen Munday	
Cllr Morgan Tarr	

Cllr Steve Wright

Note: The Police and Crime Commissioner for Cheshire, Mr David Keane, has also been afforded certain rights in relation to Fire Authority business, including the right to attend meetings.

D Apologies for Absence

Apologies for absence were received from Councillor Les Morgan.

E Chair's Announcements

The Chair outlined some of the ways that Cheshire Fire and Rescue Service had adapted as an organisation to meet the challenges of the Coronavirus pandemic.

Firefighters had changed their shift systems to protect the Service's ability to respond to incidents. They had supported and protected their local communities in a number of ways, e.g. through producing safety messages, hosting virtual open days and raising money for charities, as well as responding to operational incidents.

Protection staff had changed how they operated to keep buildings safe throughout the emergency and had undertaken additional work, such as supporting the running of emergency mortuaries and face mask fitting tests for North West Ambulance Service.

Mechanics had worked flexibly to ensure the Service's vehicles were available to respond. Support staff had carried on with their roles from home and many had also taken on new tasks.

Prevention staff and volunteers had continued to work with young people and to protect the most vulnerable from fire. They had also taken on additional roles, such as delivering shopping and prescriptions to shielded people and many other essential jobs.

The Chair thanked all staff and volunteers for their work during this period.

F Declaration of Members' Interests

There were no declarations of Members' interests.

Councillor Bob Rudd did, however, refer to Item 2, the Integrated Risk Management Plan 2020-24, and stated that he had signed a petition which called for the return of a second fire engine to Chester. He informed Members that he had kept an open mind regarding the best use of the second fire engine currently located at Ellesmere Port Fire Station.

Councillors Razia Daniels, Martyn Delaney and Jill Houlbrook indicated that they had also signed the petition.

Note: A petition was submitted to the Authority at its meeting on 19th June 2019 which was concerned with the return of a second fire engine to Chester. The Chair

and Councillors Razia Daniels and Martyn Delaney had informed Members at previous meetings of the Authority that they had signed the petition and that they did not believe they had an interest to disclose under the Members' Code of Conduct.

G **Questions and Petitions from Members of the Public**

There were no questions from members of the public. However, a petition had been received and the Chair asked the Director of Governance and Commissioning to confirm details for the record as the petitioner was not in attendance.

The Director of Governance and Commissioning informed Members that Justin Madders, MP for Ellesmere Port and Neston, promoted a petition that stated:

"This petition calls on Cheshire Fire Authority to retain two engines at Ellesmere Port Fire Station.

Ellesmere Port Fire Station currently has two fire engines but draft plans from Cheshire Fire Authority recommend reducing this to just one. There is a strong case for the retention of the fire engines in Ellesmere Port. Ellesmere Port is a growing town with more and more houses being built as well as a long standing large industrial base which needs fire cover."

The petition was part hard copy and part online. There were a total of 3,893 signatories. The Director of Governance and Commissioning explained that the Fire Authority had a Petitions Protocol, which contained rules about how petitions were handled. The rules in the Protocol were not intended to cause a hindrance to petitioners, they ensured that officers had adequate time to validate petitions.

The hard copy petition signatories totalled 728. 714 of these were from Cheshire postcodes; 7 were from non-Cheshire postcodes; and 7 were incomplete.

The online petition signatories totalled 3,255. 1,981 of these were from Cheshire postcodes; 1,269 were from non-Cheshire postcodes (albeit 765 postcodes were near the Cheshire border); 59 were international; and 5 were incomplete.

Justin Madders MP had recorded a short statement concerned with the petition which was played at the meeting.

The Chair informed Members that a petition concerned with the return of a second fire engine to Chester was presented to the Fire Authority at its meeting in June 2019. The Director of Governance and Commissioning explained that the petition was part hard copy and part online.

The hard copy petition stated, "To see the return of Chester's second fire engine and objection to the proposed spending of £5/£5.5m on a replacement fire station. Presented by Chester retired firefighters. Still caring for you"

The online petition stated, "Two fire engines for Chester. Listen to the experience and concerns of retired firefighters, return Cheshire's second fire engine and scrap plans to demolish and rebuild the current Chester fire station at a cost of £5m."

The hard copy petition contained 3,896 signatures and the online petition contained 2,521 signatures. There was a total of 85 signatories that were from postcodes outside Cheshire or neighbouring localities (15 from the online and 70 from the hard copy). The total number of signatures was 6,495.

The petition was directly relevant to the issue that was considered at Item 2, Integrated Risk Management Plan 2020-24. Chris Matheson MP had recorded a short statement concerned with the petition which was played at the meeting.

H **Minutes of Fire Authority**

RESOLVED:

That the minutes of the Fire Authority meeting held on 12th February 2020 be approved as a correct record.

I **Minutes of Performance and Overview Committee**

RESOLVED:

That the minutes of the Performance and Overview Committee meeting held on 26th February 2020 be noted.

J **Minutes of Estates and Property Committee**

RESOLVED:

That the minutes of the Estates and Property Committee held on 13th March 2020 be noted.

K **Urgent Business - Additional Capital Funding to Improve Environmental Performance of new Chester Fire Station**

The Chair informed Members that a decision was taken to add £300k to the allocated capital funding for Chester Fire Station to improve the environmental performance of the new building. As there was no meeting of the Fire Authority in April due to the Coronavirus pandemic and because it was necessary to instruct the contractor, the decision was made using the procedure for Urgent Business to be determined between Fire Authority meetings.

There were no matters arising.

L **Fire Station Modernisation Programme - Release of Balance of Capital Funding**

The Director of Governance and Commissioning introduced the report which sought to secure the release of the balance of allocated capital funding for the Fire Station Modernisation Programme (the Programme).

He informed Members that Year One works of the Programme at Birchwood,

Middlewich, Runcorn and Sandbach had all been completed. The Year Zero works at Bollington and Tarporley were completed at the end of the last financial year.

Current spend on the Programme stood at £3.3m. £5m of the allocated funding (and approximately £200k of the initial £3.5m) was left. Officers anticipated that the Programme would cost between £11.5m and £12m in total, although the figures were speculative because a number of matters that might have an impact, e.g. Brexit and Covid-19.

RESOLVED: That

- [1] the Fire Station Modernisation Programme – Progress Report and Funding (Appendix 1) be noted; and
- [2] the balance of allocated capital funding for the Fire Station Modernisation Programme be released.

M Programme of Member Meetings 2020-21

Due to the Coronavirus pandemic some meetings scheduled for 2020-21 had been missed and others that were scheduled were no longer required.

The Director of Governance and Commissioning informed Members that an updated version of the Programme of Member Meetings for 2020-21 would be circulated.

N Urgent Business - Remote Meeting Rules

The Remote Meeting Rules were introduced using the procedure for Urgent Business to be determined between Fire Authority meetings so that a meeting could be held with rules in place to help facilitate the meetings. It was mentioned that the Rules contained a provision enabling the Monitoring Officer to make changes to them, as required.

There were not matters arising.

O Constitution

The constitution had been updated to include the changes made by the Fire Authority during 2019-20 and published on the Authority' website.

RESOLVED:

That the Fire Authority's constitution be adopted.

2 INTEGRATED RISK MANAGEMENT PLAN 2020-24

The Chief Fire Officer and Chief Executive introduced the report which sought Members' approval of the Integrated Risk Management Plan 2020-24 (IRMP). He thanked all those who had been involved in the formation of the IRMP.

He introduced the Policy and Transformation Officer who guided Members through the cover report which contained information about the consultation process, consultation feedback and independent support provided in relation to consultation.

The Assistant Chief Fire Officer, Operational Assurance and Service Improvement, referred Members to Appendix 3: Review of Response Plans Following Consultation. The document was developed to explain how various options had been considered and why particular options were recommended.

A representative from Greenstreet Berman, Michael Wright, also addressed Members referring them to Appendix 5: Independent Review of Cheshire FRS Emergency Response Proposals 2020-24. The document had been produced by Greenstreet Berman and provided assurance on the validity and reliability of the data and the methodology used to assess options in the development of the final response plan proposals.

A Member queried how feedback on the IRMP from the Fire Brigades Union (FBU) had been considered by the Service. The Chief Fire Officer and Chief Executive informed Members that feedback from the FBU had been fed into the IRMP consultation process and was available in Appendix 2: Consultation Feedback Report – Consultation Responses and Additional Resources.

A Member asked for further information from the Service regarding the concerns raised by the FBU about firefighter safety in its response to the Service's plans to expand its response to road traffic collisions (introduction of 13 Rapid Response Rescue Units). The Assistant Chief Fire Officer informed Members that there had been no accidents involving firefighters using the existing Rapid Response Rescue Units. However, he confirmed that the FBU would be consulted.

A Member also asked why Greenstreet Berman had not met with the FBU regarding their feedback on the consultation. The representative from Greenstreet Berman informed Members that the FBU's response to the IRMP was taken into account by Greenstreet Berman and that they challenged the Service on several areas that the FBU had raised. He explained that Greenstreet Berman felt satisfied with the analysis presented by the Service.

A Member moved a motion intended to alter the proposal within the IRMP concerned with moving the second fire engine at Ellesmere Port Fire Station to Powey Lane Fire Station. The motion was not seconded.

Members were asked to vote on whether to approve the proposals within the IRMP. The proposals were carried with Members' unanimous support.

RESOLVED: That

- [1] the contents of the report and appendices be noted;**
- [2] the Integrated Risk Management Plan 2020-24 be approved; and**
- [3] the Chief Fire Officer and Chief Executive be authorised to make any**

final changes to the Integrated Risk Management Plan 2020-24 prior to publication.

3 INTERNAL AUDIT PLAN 2020-21

The Internal Auditor, Ann-Marie Harrop, from Mersey Internal Audit Agency (MIAA) presented the Internal Audit Plan for 2020-21.

A Member queried whether the Coronavirus pandemic had resulted in any additional internal audit costs for the Authority. The Internal Auditor confirmed that there were no additional costs.

RESOLVED: That

[1] the Internal Audit Plan for 2020-21 be approved.

4 EXTERNAL AUDIT PLAN 2019-20

The External Auditor, Michael Green, from Grant Thornton presented the External Audit Plan for 2019-20.

A Member queried whether the Coronavirus pandemic had impacted the current external audit schedule for the Authority. The External Auditor confirmed that the schedule for the delivery of audits had been put back and that deadlines for local government financial audits had also been extended.

RESOLVED: That

[1] the External Audit Plan for 2019-20; and

[2] the external audit fee for 2019-20 be approved.

5 END OF YEAR FINANCIAL REPORT 2019-20

The Treasurer introduced the report which provided a review of the Service's financial performance at the end of the 2019-20 financial year and reports on progress against 2019-20 capital projects.

The Treasurer informed Members that there was an underspend of £613k in relation to the Revenue Budget for 2019-20. He referred Members to the section of the report containing information on the Authority's Reserves. He explained that the General Reserve was approximately £2.2m, which was equivalent to 5% of the net revenue budget and in line with the approved Reserve Strategy.

The Treasurer drew Members' attention to the section of the report containing information on the Authority's Capital Programme. He explained that the table at paragraph 10 of the report contained details of proposed capital funding.

A Member referred to paragraph 5 of the report which contained a table summarising revenue spend for 2019-20 and asked for further information regarding

the headings 'Finance Resources' and 'Collection Fund Surplus'. The Treasurer informed Members that 'Finance Resources' consisted of non-department budgets and contributions to/from reserves. The 'Collection Fund Surplus' referred to the Authority's shared surplus or deficit with the constituent authorities once funding from Council Tax, business rates, levies and incomes was finalised.

RESOLVED: That

- [1] **the outturn position (subject to audit and the finalisation of the local authorities non-domestic rates collection fund/Section 31 grant) be noted; and**
- [2] **the movement in reserves as set out in Appendix 2 be approved.**

6 TREASURY MANAGEMENT ANNUAL REPORT 2019-20

The Treasurer presented the report which provided a review of the Authority's treasury management activities undertaken during 2019-20.

He referred Members to the section of the report on the portfolio position at 31 March 2020. Borrowing had decreased due to a loan being repaid on 31 March 2020.

The Treasurer also informed Members that borrowing for the Training Centre project had not yet been required due to the current levels of reserves held. Interest rates were expected to remain low and would continue to be reviewed to ensure borrowing occurred at the most appropriate time.

RESOLVED: That

- [1] **the report on treasury management activity for 2019-20 be noted; and**
- [2] **performance against the prudential and treasury management indicators be noted.**

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Agenda Item 1F

Minutes
Performance and Overview Committee
Wednesday, 22 July 2020



MINUTES OF THE MEETING OF THE PERFORMANCE AND OVERVIEW COMMITTEE held on Wednesday, 22 July 2020 at 10:00 am. Remote Meeting, Via Skype

PRESENT: Councillors Phil Harris (Chair), Razia Daniels, Gina Lewis, Les Morgan, James Nicholas, Jonathan Parry, Peter Wheeler, and Norman Wright and also independent (non-elected) member Derek Barnett.

1 PROCEDURAL MATTERS

A Record of Meeting

Members were reminded that the meeting would be audio-recorded.

B Apologies for Absence

There were no apologies received.

C Declaration of Members' Interests

There were no declarations of Members' interests.

D Minutes of the Performance and Overview Committee

RESOLVED:

That the minutes of the Performance and Overview Committee held on 26th February 2020 be confirmed as a correct record.

2 PERFORMANCE REPORT - QUARTER 4 2019-20

The Head of Protection and Organisational Performance introduced the report, which provided an update on the 2018-19 Quarter 4 review of performance for each of the Service's Key Performance Indicators (KPIs). Appendix 1 to the report included the Corporate Performance Scorecard which reflected the Quarter 4 position against targets set and the year-on-year direction of travel for the Service's KPIs.

Officers expanded on some of the KPIs, providing further context, particularly where targets had not been achieved, i.e.

- Number of deaths in primary fires;
- Number of automatic fire alarms in non-domestic premises/false alarms;
- Platinum address success rate;
- Fire safety audits in non-domestic premises;
- On-call availability.

The Head of Protection and Organisation Performance referred Members to the KPI relating to the number of deaths in primary fires. Four deaths had occurred in Quarter 4, all individuals over 65 years of age.

The KPI status for the number of automatic fire alarms in non-domestic premises/false alarms was currently red. The Head of Protection and Organisational Performance confirmed that the figure was still significantly lower than the historic average. The revised attendance policy was still leading to at least 50% fewer false alarms. He indicated that unless the policy was amended further, it was unlikely that further sustainable reductions could be achieved.

The KPI status for Platinum Address Success Rate, i.e. the top 10,000 households in Cheshire identified at most risk from fire, was currently Amber. The percentage was 61% which was lower than the 65% target. It was thought that this was due to the impact of the Covid-19 pandemic at the end of the quarter and the close down of the CFRMIS recording system while transferring data to SAFFIRE the new software solution.

Members were referred to the KPI for Fire Safety Audits in Non-Domestic Premises which was currently Amber. In Quarter 4 there was capacity to achieve 510 audits but the number carried out was 420. This was due to the final two weeks of March being directly affected by the Covid-19 pandemic with no audits taking place during most of this period.

The Head of Service Delivery provided an update of performance against the On-Call Availability KPI. On-call availability had been 74% in Quarter 4, and even though the Covid-19 pandemic had initially affected availability during the last two weeks in March an increase in home working had subsequently seen an increase. He referred Members to the actions listed in the report which were required to improve performance.

A Member referred to the Number of Automatic Fire Alarms in Non-Domestic Premises/False Alarms and asked if housing the homeless and rough sleepers in hotels could have resulted in a spike in AFAs. The Head of Protection and Organisational Performance responded that there were no indications that this was a trend and most were single indicators and not repeat occurrences and protection teams were working with the owners/occupiers of premises to reduce the number of activations.

A Member referred to the number of drug related arson incidents recorded in Quarter 4 and asked how the Service was addressing this. The Head of Protection and Organisational Performance explained that work with partners such as the police and local authorities to tackle anti-social behaviour and fire setting would continue in order to deliver improved performance in this area. Most of the incidents were deliberate fires involving vehicles, particularly mopeds, which could be linked to drug related activity.

RESOLVED: That

[1] the Performance Report – Quarter 4, 2019-20 be noted.
PROGRAMME REPORT - QUARTER 4 2019-20

The Chief Fire Officer and Chief Executive provided Members with an update on the Service's programmes and projects. He referred Members to Appendix 1 to the report which contained a health report for the final quarter of 2019-20 and picked out key performance areas for specific focus, i.e.

- Whole Service Review
- Blue Light Collaboration
- Replacement of Chester Fire Station

He said that the Whole Service Review was moving to the close down phase and new projects under the new IRMP would be added to future reports.

He provided an update on the Blue Light Collaboration Programme which was currently showing as Amber and this was due to the underlease not being completed and the end state collaboration agreement not being finalised.

The Chief Fire Officer and Chief Executive explained that the current Covid-19 pandemic had had an impact on the programme to create the new Chester Fire Station. Delays had been minimised by the contractor, but inevitably there had been issues with site workers and materials. The situation had now improved significantly in most respects, with only limited difficulties caused by the need for social distancing and some products remaining difficult to source in a timely fashion. He finished by mentioning and the positive feedback that had been received from staff about the project.

RESOLVED: That

[1] the Programme Report – Quarter 4 2019-20 be noted.

4 INTERNAL AUDIT PROGRESS REPORT - QUARTER 4 2019-20

Anne-Marie Harrop, a representative from Mersey Internal Audit Agency (MIAA), was in attendance at the meeting to present the Internal Audit Progress Report Quarter 4, 2019-20.

The Auditor referred Members to the Internal Audit Progress Report attached at Appendix 1.

She provided Members with a brief overview of the progress made against the audit plan and informed them that this report closed down the work for the remaining two pieces of work on the 19/20 plan in the following areas: Collaboration/Partnership considering the Fire and Rescue Indemnity Company (FRIC) arrangements and the

further assessment of activity contained in the HMICFRS Inspection Improvement Plan.

RESOLVED: That

- 5 [1] the Internal Audit Progress Report – Quarter 4 2019-20 be noted.
INTERNAL AUDIT ANNUAL REPORT AND HEAD OF INTERNAL AUDIT OPINION 2019-2020

Anne-Marie Harrop also dealt with this report.

The Auditor referred Members to the Internal Audit Annual Report and Head of Internal Audit Opinion 2019-20 attached at Appendix 1. She explained that the overall opinion for the period 1st April 2019 to 31st March 2020 provides 'substantial assurance' in that there was a good system of internal control designed to meet the system objectives and controls are generally being applied consistently.

RESOLVED: That

- [1] the Internal Audit Annual Report and Head of Internal Audit Opinion 2019-2020 be noted.

6 **UNITARY PERFORMANCE GROUPS ANNUAL REPORT 2019-20**

The Head of Service Delivery introduced the report, which provided an update on the initiatives supported and funded by the Unitary Performance Groups (UPGs) during 2019-20.

It was reported that the UPG meetings provided an opportunity for local Cheshire Fire Authority Members to engage with officers from Service Delivery, Prevention and Protection to scrutinise performance at a local level. The UPGs also developed initiatives which assisted with improving performance and outcomes for the communities within each unitary area. The UPGs have budgets allocated to enable them to consider and approve funding bids for activities within their areas.

Information on some of the initiatives supported and funded by the UPGs during 2019-20 were detailed in Appendix 1 of the report.

A Member asked if the project with the Camerata was successful and a good investment. The Head of Service Delivery explained that the work with the Camerata had been ongoing for a number of years and engages with local school children across Cheshire on fire related subjects and dangers that may be encountered. It was felt to be a good investment towards educating younger members of the community.

A Member asked if the project on extension cables undertaken with Cheshire West and Chester could be extended across Cheshire and if there was an opportunity to look at ways of highlighting the dangers associated with chargers, the way chargers were being sold and as to whether they met an appropriate standard. The Head of

Service Delivery explained that social media campaigns were regularly undertaken to highlight these dangers and the Service would continue with this work.

RESOLVED: That

- [1] the Unitary Performance Groups Annual report 2019-20 be noted.**

7 TRAINING PERFORMANCE ANNUAL REPORT 2019-20

The Head of Operational Policy and Assurance introduced the report, which provided members with an update on the training arrangements and achievements throughout the training year 2019-20.

He drew Members attention to the Performance Dashboard and the items marked in red. He explained that it was important to note the investment being made in the new training facility and the fact that the trainers had moved around the County to continue their important work to maintain the quality of training of staff.

He explained that targets on Swift Water training had failed which because courses had been cancelled in the early part of the year as the stretches of water used were deemed too dangerous, with some areas closed. Courses had been re-scheduled for August 2020 in order for staff to update their skills and maintain competence in this area.

Targets had not been met on Watch Manager (WM) and Station Manager (SM) Command Training because facilities at Frodsham Fire Station were not as good as those used at Sadler Road and the usual numbers of staff could not be accommodated. Assessments were now continuing in order to ensure this core training is delivered.

He also explained that some on-site training, such as industrial premises and high rise, had been cancelled due to Covid-19, as premises could not be accessed. However, there was a plan in place to re-start these courses to maintain operational competence.

A Member drew attention to the number of acronyms used in the report and requested that in future these were explained in the report.

RESOLVED: That

- [1] the Training Performance Annual Report 2019-20 be noted.**

8 HMICFRS INSPECTION ACTION PLAN

The Head of Protection and Organisational Performance introduced the report which presented Members with an update in relation to the action plan produced in response to the 'Areas for Improvement' highlighted within the inspection report

relating to Cheshire Fire and Rescue Service by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS).

He explained that completed actions were marked in grey. However, the Covid-19 pandemic had had an impact on delivery of some areas, but also helped to move others forward, e.g. delivery of the requirement for two way communication, i.e. Skype capability.

A Member requested a definition of supporting agile working for all staff and whether a report would be available at the next meeting on how this was being carried forward and the way staff would be deployed in future. The Head of Protection and Organisational Performance explained that this referred to giving staff the ability to do their normal day job while working away from office locations which included investing in technology and the ability to access packages and databases.

The Director of Governance and Commissioning explained that due to the Covid-19 pandemic offices could look differentl in future with staff likely to be working in different ways.

RESOLVED: That

- [1] the report be noted.

9 PROSECUTIONS ANNUAL REPORT 2019-20

The Head of Protection and Organisational Performance introduced the report which provided Members with an update on the prosecutions under the Regulatory Reform (Fire Safety) Order 2005 during the 2019-20.

He informed Members that 26 cases had been taken to court over the past 11 years with significant fines and sentences given. He drew Members attention to Appendix 1 of the report, which included a brief description of the only prosecution pursued by the Service in 2019-20. There were also 9 ongoing cases which would be reported on in the 2020-21 year, as there had been a significant delay in court cases due to the Covid-19 pandemic, with some cases being adjourned or delayed.

A Member asked for further information on why there had been an increase in enforcement action concerned with businesses owned and operated by members of Black, Asian and Minority Ethnic (BAME) communities. The Head of Protection and Organisational Performance explained that this appeared to be a national trend and generally related to food or drink premises with living accommodation above, which were not designed to be used in this way. Protection teams were working closely with the Equality and Inclusion Officer to look at how the Service can raise awareness of these issues.

RESOLVED: That

[1] Members note the contents of the report.

10 RISK MANAGEMENT BOARD ANNUAL REPORT 2018-19

Louise Willis, from the Planning and Performance Department, Joint Corporate Service, introduced the report which provided Members with an update on the Risk Management Board Annual Report 2018-19, which was a retrospective report of the work undertaken and progressed up to the Risk Management Board meeting in March 2020. Significant progress had been made in reviewing risk management arrangements over the twelve month period, with the objective being to bring together and simplify risk management arrangements across fire and police and to improve the quality of risk information to enable management to have a better focus on risk.

RESOLVED:

[1] Members note the report.

11 PRE-ALERT TRIAL

Station Manager Huw Coates introduced the report which provided Members with a summary of the first four month period, 1st February 2020 to 31st May 2020, of the service-wide 'pre-alert' trial .

He explained that an initial, small-scale trial was introduced in April 2019 across six fire stations to prove the benefits of the concept and identify any unintended consequences of the system, with crews invited to provide feedback. This showed that on-call stations would benefit significantly from the system. As a result of the trial it was agreed to roll out the system throughout the County and during the first four months improvements in mobilising times were noted in comparison to the same period last year when pre-alerting was not in place.

A Member asked for clarification of the costs involved. Station Manager Coates explained that the initial configuration costs for the system were paid for by Greater Manchester Fire and Rescue Service. There was an ongoing annual cost of £18,000 which was split between the fire and rescue services which are served by North West Fire Control. The cost to Cheshire Fire and Rescue Service in the year 2018-19 was £3,500.

RESOLVED:

[1] Members note the report.

12 SAFEGUARDING ANNUAL REPORT 2019-20

The Head of Prevention introduced the report which provided Members with reassurance about safeguarding procedures and outlined the number of

safeguarding referrals made from 1st June 2019 to 31st May 2020.

RESOLVED:

- [1] **the report be noted.**
- [2] **the future developments contained in paragraph 27 of the report be approved.**

13 FORWARD WORK PROGRAMME

The table included those items that had been identified/agreed to-date. No further items were added to the Programme.

RESOLVED: That:

- [1] **The Forward Work Programme be noted.**



**MINUTES OF THE MEETING OF THE PERFORMANCE AND OVERVIEW COMMITTEE
held on Wednesday, 2 September 2020 at 10.00am. Remote Meeting - Via Skype**

PRESENT: Councillors Phil Harris (Chair), Peter Wheeler, Razia Daniels, Gina Lewis, Les Morgan, James Nicholas and Norman Wright

1 PROCEDURAL MATTERS

A Record of Meeting

Members were reminded that the meeting would be audio-recorded.

B Apologies for Absence

Apologies for absence were received from Councillor Jonathan Parry and Independent Non-Elected Member Derek Barnett.

C Declaration of Members' Interests

There were no declarations of Members' interest.

D Minutes of the Performance and Overview Committee

RESOLVED:

That the minutes of the Performance and Overview Committee held on 22nd July 2020 be confirmed as a correct record.

2 FINANCE REPORT - QUARTER 1, 2020-21

The Treasurer introduced a report which provided Members with a review of the Service's forecast financial performance and information about progress with the 2020-21 capital projects.

He drew Members attention to the forecast revenue spending with the overall position at the first quarter forecasting an underspend of £220k. He proposed that the funding be moved to capital reserves to limit future borrowing.

The Treasurer referred Members to details of the Service's funding position for the first quarter of the current financial year. He drew Members attention to the additional costs and reduction of income during the pandemic. However, the Government announced emergency local government funding for Covid-19 additional costs with the Service receiving £166,768 in 2019/20 and £793,795 in

2020/21.

He noted that the impact of Covid-19 would not affect funding in the current financial year, but would almost certainly affect the level of funding from Government and the Cheshire billing authorities in future years. This may reduce both the council tax and business rate bases, as well as leading to potential deficits on the Collection Funds which the Authority would be required to contribute to in line with their corresponding share.

The Treasurer reported that the staff pay award of 2.75% had recently been confirmed and this additional costs would need to be covered.

Members were satisfied with the content of the report and approved the movement in reserves.

RESOLVED: THAT

- [1] **the forecast outturn position – Quarter 1 2020-21 be noted; and**
- [2] **the movement in reserves as set out in Appendix 2 be approved.**

3 PERFORMANCE REPORT - QUARTER 1, 2020-21

The Head of Protection and Organisational Performance introduced the report which provided an update on the Service's Quarter 1 2020-21 performance for each of the Key Performance Indicators (KPIs). Appendix 1 to the report included the Corporate Scorecard, which reflected the Quarter 1 position against targets set and the year-on-year direction of travel for the KPIs.

Officers expanded on some of the KPIs, providing further context, particularly where targets had not been achieved. In addition Members were asked to note three new indicators.

The Head of Protection and Organisational Performance asked Members to note that performance in Quarter 1 had been mixed as Covid-19 had had a significant impact on many areas of the Service.

He referred Members to the KPI relating to the number of deaths in primary fires. Two deaths had occurred in Quarter 1, both fatalities occurred in one incident with the cause involving smoking materials and with both victims aged over 65.

The KPI status for the number of Injuries in Primary Fires was currently red, with 14 injuries recorded against a target of 11. The Head of Protection and Organisational Performance confirmed that all incidents had been investigated and lessons learned.

The KPI status for the number of Safe and Well visits delivered to properties of Heightened Risk was currently red. These visits had largely stopped due to the pandemic, but up to the end of Quarter 1 1,443 heightened risk visits had been completed by Prevention and Operational staff, including additional visits to

vulnerable people.

The KPI status for Thematic Inspections completed by Operational Staff and Fire Safety Audits in Non-Domestic Premises were currently red as these visits had stopped due to the pandemic and not yet restarted.

The Head of Protection and Organisational Performance provided an update on performance against the On-Call availability KPI. There were variations of availability between the differing on-call systems with the status of Nucleus and Primary on-call being Green and Secondary on-call Amber. The Covid-19 pandemic had had an impact on the availability of On Call appliances and staff, with a steady increase throughout the quarter as primary employers either closed, furloughed their staff, or implemented a work from home policy. In addition, a number of staff in other departments who have worked from home during lockdown have volunteered to be available for local on call stations and this also had a positive impact on availability.

The Head of Protection and Organisational Performance drew Members' attention to the new KPIs. Road Traffic Collisions Attended would help the Service to monitor and report on the number of road traffic collisions that the Service attends as there had been an increase in the number of fatalities on the road up to December 2019, (with a subsequent decrease during the last two quarters due to travel restrictions place on households due to Covid-19).

The new KPI on Total Number of False Alarms attended has been included as approximately 40% of all operational incidents across Cheshire are false alarms and from this year the Service will monitor all false alarms, both malicious and those of good intent, to review how the Service can improve performance. Over the last 12 months 3454 incidents had been classified as a false alarms, 56.4% (1,947) are automatic false alarms and 41.6% (1,437) classified as false alarm good intent from dwellings.

A Member asked for clarification on what the Service categorises as a false alarm. The Head of Protection and Organisational Performance responded that there are a number of categories which fall under false alarms and these were detailed in the tables on Page 60.

RESOLVED: That

[1] the Performance Report – Quarter 1 2020-21 be noted.

4 PROGRAMME REPORT - QUARTER 1, 2020-21

The Chief Fire Officer and Chief Executive provided Members with an update on the Service's programmes and projects. He referred Members to Appendix 1 to the report which contained a health report for the first quarter of 2020-21 and picked out key performance areas for specific focus.

He explained that the Whole Service Review was moving to the closedown phase and as the IRMP 2020-24 was approved by the Fire Authority on 1 July 2020, Heads of Department had now considered an outline plan for the delivery of the objectives. Project Initiation Documents had been developed and progress on delivery of projects would be captured in future Heath Reports.

The Chief Fire Officer and Chief Executive explained that the Covid-19 pandemic had had an impact on the building programme with Sadler Road Training Centre status currently on Amber. This was due to the overall delays within the programme and forecast budget overspend of 10%, which included the costs incurred from delays in the planning application and the window and fire alarm replacement works in the existing buildings.

He explained that the Replacement of Crewe Fire Station does not currently have a status as the project needs new milestones to be agreed before it can be tracked on the Cheshire Planning System.

He provided an update on the Protection Review and asked Members to note that the timescales for the review had slipped as a consequence of the delay in outcomes of the Grenfell Tower Inquiry, which the review was dependent on.

He drew Members' attention to the Operational Training Group Review which was currently on Amber status. This was due to the slippage of the revised duty system pilot due to the pandemic. However, discussions on identifying a suitable date to commence a trial had now re-commenced.

RESOLVED: THAT

- [1] the Performance Report – Quarter 1 2020-21 be noted.**

5 INTERNAL AUDIT - QUARTER 1, 2020-21 PROGRESS REPORT

Ann-Marie Harrop (the Auditor), a representative from Mersey Internal Audit Agency (MIAA) was in attendance to present the Internal Audit Quarter 1 2020-21 Progress Report (attached as Appendix 1 to the report).

She explained that 50% of the MIAA workforce had been redeployed until June, but work had now commenced on the Pension Review and Payroll Audit. In addition recommendations from previous years were being followed up and ongoing work on the National Fraud Initiative had begun.

RESOLVED: THAT

- [1] the Internal Audit Progress Report – Quarter 1 2020-21**

6 EQUALITY, DIVERSITY AND INCLUSION ANNUAL REPORT 2019-20

The Equality and Inclusion Officer introduced the report which provided a summary

of key issues identified in the Service's Equality, Diversity and Inclusion Annual Report 2019-20.

He explained that a new Equality, Diversity and Inclusion Strategy would be developed for the period 2021-24 and would be submitted for approval to Members in Spring 2021.

He referred Members to the Key Accomplishments from the last six months, in particular:

- Stonewall Workplace Equality Index – retained the rank of third in the Stonewall Top 100 Employers list for a second year running.
- Addressing disproportionality in the workforce
- Staff Network Groups
- Visibility and Awareness Days
- Policy Development
- EDI Education and Training Review
- Equality Impact Assessments (EIA)
- Developing Community Partnerships
- Recruitment Communications and Attraction Strategy

He also provided an update on the priorities for the next 6 months which would include:-

- Covid-19 Recovery Planning following the recent thematic staff survey to identify any particular trends and/or concerns that would inform recovery plans;
- maintaining the momentum behind staff networks as well as establishing a disability staff network and ways in which to raise awareness and provide a higher level of support to staff with dyslexia;
- raising the profile of the BAME network and events being planned for October to recognise Black History Month;
- the #BLM campaign had put a strong emphasis on the need for the Service to be able to demonstrate what was happening from a BAME perspective and how it meets the needs of the community in respect of response, protection and prevention;
- Equality Impact Assessments (EIA) remained under review and were developed to highlight actual and potential risks to the different equality interest groups in Cheshire;
- Positive Action work had been commissioned to research and understand the viability of applying positive action to promotion processes in addition to recruitment.
- Preparation for Stonewall 2021 Submission. Work would continue to ensure that the Service remains committed to the fair and equal treatment of LGBTQ+ staff and communities.

A Member requested a regular update on all events in advance in the form of a

forward calendar. The Equality and Inclusion Officer explained that there was an Events Calendar and he would ensure that this was circulated regularly.

A Member asked for an update on the restart of the business and staff working from home. The Chief Fire Officer and Chief Executive explained that staff had found other ways of working since the start of the Pandemic and homes had now become offices. The Service was exploring options for the future, taking into account environmental and financial implications. Employees had found a number of benefits of working from home, including financial savings and well-being. Concerns had been raised about isolation and the Service was looking at a hybrid option where staff would be able to come into the office for some of the week. In addition, each department had carried out a risk assessment and the Service was looking at ways to provide staff with equipment that they may need to improve their home working situation, such as chairs, keyboards etc.

RESOLVED: That

[1] the Equality, Diversity and Inclusion Annual Report 2019-20 be noted.

7 SAFETY CENTRAL ANNUAL REPORT 2019-20

The Safety Central Manager introduced the report which presented a review of the performance of Safety Central between 1st April 2019 and 31st March 2020.

He explained that the centre welcomed a total of 8,773 visitors which represents an increase of 26% on the previous year, of which 3,915 were children and young people and 1,598 were adults from a total of 186 schools and community groups.

He drew Members' attention to feedback figures from visitors who took part in the centre's learning evaluation. This showed an average improvement of 68% in basic safety and lifeskills knowledge and 100% rated their visit as good or very good and 100% would visit again. In addition 94% of children and young people and 98% of adult visitors rated their visit as 4 or 5 out of 5.

The Safety Central Manager also updated Members on achievements during 2020/21, which included the installation of a new shop scenario donated by the Co-op, adopting a more targeted approach to attracting schools and groups from areas of need and the launch of a new website with live booking calendar and volunteer self-rostering capability.

He explained that the year ahead was a little uncertain as Covid-19 continued to have an impact on the way the centre operated and a phased approach to reopening would be required, although it was hoped that a full programme could be offered from January 2021, but the situation would be reviewed regularly.

A Member asked for information which could be passed on to schools who weren't aware of the centre to encourage visits. The Safety Central Manager explained that there was some electronic information which he would share and the website would

be re-launched shortly.

RESOLVED: THAT

[1] the Safety Central Annual Report 2019-20 be noted.

8 NORTH WEST FIRE CONTROL - ANNUAL REPORT 2019-20

Station Manager Huw Coates introduced the report which provided information about the performance of North West Fire Control (NWFC) during the year 2019-20 (1st April 2019 to 31st March 2020).

He summarised the current system performance which included information on the availability, faults and speed of the mobilising system, information about call handling and mobilising performance, the cost of the service, staff performance and business continuity.

He explained that NWFC had appointed an officer with specific responsibilities for data and reporting and during 2019-20 some changes had been agreed on how performance was reported in order to provide a complete picture of overall workload. These included:

- The total number of both emergency and admin calls received and calls that generated a call-challenge, such as Automatic Fire Alarms (AFAs), Animal Rescues, Bonfires and Gaining Entry incidents in order to show the effectiveness of processes in reducing unwanted fire calls.
- Mobilising times for appliances broken down into incident type.
- Staffing levels, employee absenteeism and percentage of optimum staffed shifts as an indicator of the effectiveness of existing staffing arrangements.

RESOLVED: That

[1] the North West Fire Control Annual Report 2019-20 be noted.

9 PREVENTION PARTNERSHIPS - ANNUAL REPORT 2019-20

The Partnerships Coordinator presented an overview of the performance of the Prevention Department's Partnerships portfolio during the period 1st April 2019 and 31st March 2020.

She explained that the Prevention Department had a longstanding history of leading on or being a key partner agency in high performing partnerships, including the Safe and Well programme, the Fit4Safety initiative and the Early Help and Prevention Partnership led by Cheshire West and Chester Council. In addition the Service made a commitment to support the local authorities through the Covid-19 pandemic by helping to provide essential items, welfare support and other provision to the most at risk households across Cheshire.

RESOLVED: THAT

[1] the Prevention Partnerships Annual Report 2019-20 be noted.

10 FORWARD WORK PROGRAMME

The forward work programme was considered by Members and no changes were made.

RESOLVED: That:

[1] The Forward Work Programme be noted.

Agenda Item 1G

Minutes
Closure of Accounts Committee
Wednesday, 22 July 2020



MINUTES OF THE MEETING OF THE CLOSURE OF ACCOUNTS COMMITTEE held on Wednesday, 22 July 2020 at 11.00am. Remote Meeting via Skype.

PRESENT: Councillors Phil Harris (Chair), Razia Daniels, Gina Lewis, Les Morgan, James Nicholas, Jonathan Parry, Peter Wheeler and Norman Wright

1 PROCEDURAL MATTERS

A Recording of Meeting

Members were reminded that this meeting would be audio recorded.

B Apologies for Absence

There were no apologies for absence received.

C Declaration of Members' Interests

There were no declarations of Members' interests.

2 DRAFT STATEMENT OF ACCOUNTS 2019-20

The Treasurer introduced the report and advised Members that normally the draft unaudited annual accounts would need to be approved by the end of May each year. However, this year the statutory deadlines had been extended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020. These Regulations gave local authorities additional time for the approval of the draft unaudited accounts for 2019-20 and the publication of the audited accounts for 2019-20. The deadline for the publication of the audited accounts had moved from 31st July 2020 to 30th November 2020.

The Treasurer explained that, as part of the annual accounts process, a draft set of accounts was reported to this Committee for its consideration.

Members' attention was drawn to the differences between the position set out in the Year End Financial Position Report, considered at the Authority meeting on 1st July 2020, and the position shown in the Comprehensive Income and Expenditure Statement. The latter showed the accounting cost of providing services in 2019-20 in accordance with generally accepted accounting practices, rather than the amounts funded by council tax, government grants and business rates.

The Balance Sheet within the draft accounts sets out the value of the assets and liabilities recognised by the Authority. The 'net liabilities' of the Authority at 31st March 2020 were £426m compared to £495m at 31st March 2019.

The funding amounts for Cheshire Fire Authority for 2019-20 were detailed at paragraph 3.1.1. of the report. Members were reminded that the Authority received over half of its revenue funding from its share of council tax 'precept' that was collected from the four local authorities. The precept approved by the Authority for 2019-20 was increased by 2.99% that was £77.74 (compared to £75.48 in 2018-19) for a Band D property. In addition to the precept, the Authority received its share of a surplus or deficits on the council tax collection funds which amounted to a surplus allocation of £0.2m for 2019-20 compared to £0.3m for 2018-19.

The majority of the balance of revenue funding was received from Central Government and the four local authorities in the form of the Settlement Funding Assessment that was broken down into two elements – Revenue Support Grant and Baseline Funding Level. This was detailed further at paragraph 3.1.3. of the report.

The Head of Finance advised that the coronavirus pandemic had brought about an unprecedented public health emergency and the Authority's top priorities were to maintain the best service to the public, protect firefighters and staff and support the national response. In terms of funding, the Government announced emergency local government funding for Covid-19 additional costs. Tranche 1 was announced on 20th March 2020 with Cheshire Fire and Rescue Service receiving £166,768 in 2019-20. Tranche 2 was announced on 18th April 2020 with Cheshire Fire and Rescue Service receiving £793,795 in 2020-21. The associated costs for PPE; equipment; additional staff cost; cleaning materials; and staff welfare had been incurred during 2020-21. The Government paid the S31 grants up-front for 2020-21 to support cashflow.

The collection funds for business rates and the Authority's 1% share of these, were also included in these accounts, again with both debtors and creditors based on data from the start of the pandemic. For all of the collection funds, as 2020-21 progresses, these may materially change as the impact on the economy and its ability to recover was felt and any changes would be included in the 2021-22 budget report reflected as prior year deficit; or in extreme circumstances would be reported in year at the quarterly budget monitoring meetings if any of the collection authorities decide to change the amounts distributed during the year.

It was reported that the accounts were subject to external audit and that once the audit was completed the Authority would formally consider the accounts for approval at the meeting on 16th September 2020.

Members thanked the Treasurer and Head of Finance for their work on the accounts.

RESOLVED: That

- [1] **the draft Statement of Accounts 2019-20 be noted and be submitted to the Fire Authority on 16th September 2020 for final consideration and approval.**

3 ANNUAL GOVERNANCE STATEMENT 2019-20

The Director of Governance and Commissioning introduced the Annual Governance Statement (AGS) 2019-20, required to accompany the draft Statement of Accounts. The production of the Annual Governance Statement was a requirement under the Accounts and Audit Regulations (England) 2015 and helped to ensure that a reliable system of internal controls could be demonstrated.

It was reported that the governance framework, internal controls and application of principles had been reviewed during 2019-20 with Coronavirus, nationally-led change and collaborations being areas highlighted as risks together with the mitigating actions required, as detailed at paragraph 12.4 of the report.

A Member requested further information on the collaborations risk. In response, the Director of Governance and Commissioning advised that not all key collaborations had been assessed and work needed to take place to ensure that the existing collaborations were fit for purpose and still performing.

The Annual Governance Statement 2019-20 would be submitted to the meeting of the Fire Authority on 16th September 2020 for consideration and approval accompanying the Final Accounts 2019-20.

RESOLVED: That

- [1] the Annual Governance Statement 2019-20 be noted and be submitted to the Fire Authority on 16th September 2020.**

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Agenda Item 1H

Minutes

Governance and Constitution Committee

Wednesday, 29 July 2020



MINUTES OF THE MEETING OF THE GOVERNANCE AND CONSTITUTION COMMITTEE held on Wednesday, 29 July 2020 - Remote Meeting via Skype at 10.00 am

PRESENT: Councillors Steve Wright (Chair), Rob Polhill, Mike Biggin, David Brown, Martyn Delaney, Nick Mannion and Michael Beanland and independent (non-elected) member Derek Barnett

1 PROCEDURAL MATTERS

A Recording of Meeting

Members were reminded that the meeting would be audio-recorded and broadcasted live to enable public viewing.

B Apologies for Absence

Apologies for absence were received from Councillor Rachel Bailey and independent (non-elected) member Lesley Thomson. Councillor Michael Beanland attended the meeting as a substitute for Councillor Rachel Bailey.

C Membership of Committee

Members noted the membership of the Governance and Constitution Committee for 2020-21, as agreed by the Fire Authority on 1st July 2020.

Councillors:

S Wright – Chair
R Polhill – Deputy Chair
R Bailey
M Biggin
D Brown
M Delaney
N Mannion

Substitutes:

M Beanland
D Edwardes
P Wheeler

Independent (non-elected) Members:

D Barnett
L Thomson

D Declarations of Members' Interests

There were no declarations of Members' interest.

E Minutes of the Governance and Constitution Committee

RESOLVED:

That the minutes of the Governance and Constitution Committee held on Wednesday 29th January 2020 be confirmed as a correct record.

2 DISPENSATIONS

The Director of Governance and Commissioning introduced the report which asked Members to extend the benefit of the existing dispensations to a new Member of the Fire Authority. This would allow them to take part in debates and votes on the setting of the council tax precept and approval of the Members' Allowance Scheme (and any changes and/or additions to it).

Appendix 1 to the report contained a copy of the legislation and Appendix 2 to the report contained an extract which explained the rationale for the granting of the original dispensations.

The Director of Governance and Commissioning informed the Committee that Cllr Jill Houlbrook had requested that the dispensations be extended so that she could benefit from them.

RESOLVED: That

- [1] the dispensations granted to Fire Authority Members on 29th January 2020 be extended to benefit Councillor Jill Houlbrook, thereby allowing her to take part in debates and votes on the setting of the Council Tax precept and the approval of the Members' Allowance Scheme (and any changes and/or additions to it).**

3 WHISTLEBLOWING ANNUAL REPORT 2019-20

The Director of Governance and Commissioning introduced the report which provided information about whistleblowing for 2019-20.

The Director of Governance and Commissioning informed Members that the Authority had not been contacted by Safecall during 2019-20. He suggested to Members that this was likely to be a result of staff being comfortable raising their concerns with managers informally, with Safecall being considered a last resort.

A Member queried how regularly the Service reminded staff of the whistleblowing process, particularly as more staff were working from home. The Director of Governance and Commissioning assured Members that the Safecall arrangements was publicised around the Service's property. However, he agreed to review the prominence of recent publicity.

RESOLVED: That

- [1] the Whistleblowing Annual Report 2019-20 be noted.

4 COMPLIMENTS AND COMPLAINTS ANNUAL REPORT 2019-20

The Director of Governance and Commissioning introduced the report which provided information regarding compliments and complaints received about the Service during the period 1st April 2019 to 31st March 2020.

The Director provided an overview of the figures for the past five reporting periods which were presented within a table in the report. He explained that although the figures had fluctuated, there was no obvious trend, or pattern. Compared to the previous year, the Service had seen an increase in the number of informal complaints received. The number of formal complaints was the same.

Members acknowledged the work staff had done since the implementation of the lockdown period due to Covid-19 and praised staff for their continued work. It was noted that praise had been given to staff by a variety of external bodies that would not normally be recorded on the compliments register.

RESOLVED: That

- [1] the information regarding compliments and complaints made during the period 1st April 2019 and 31st March 2020 be noted.

5 SUMMARY OF MEMBER ATTENDANCE 2019-20

The Director of Governance and Commissioning introduced the report which provided information about Member attendance for the last municipal year. Appendix 1 to the report summarised Member attendance at meetings of the Fire Authority and its three main committees: Estates and Property Committee, Governance and Constitution Committee and Performance and Overview Committee. Appendix 2 to the report contained details of the planning days and additional meetings attended, as well as conferences and events attended.

The Director highlighted that substitutes were recorded this year as they were used more frequently than previous years. Members discussed the figures and emphasised the need for Members to arrange a substitute if they know in advance that they are unable to attend a meeting. Members agreed that no action was necessary.

RESOLVED: That

- [1] the summary of Member attendance at meetings of the Authority and its three main committees for 2019-20 be noted.

6 DRAFT STATEMENT OF ASSURANCE 2019-20

The Director of Governance and Commissioning introduced the report which allowed Members the opportunity to review the draft Statement of Assurance 2019-20.

He reminded Members that the Fire and Rescue National Framework for England required the publication of the Statement of Assurance to provide assurance on financial, governance and operational matters. The final version of the document was due to be submitted to the next Fire Authority meeting for approval.

Members' attentions was drawn to sections 6 and 7 concerned with compliance with the National Framework and the outcomes from the inspection by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services, respectively.

The Director informed Members that the Inspectorate visit that should have taken place in March had been postponed to March/April 2021.

RESOLVED: That

- [1] the draft Statement of Assurance 2019-20 be approved and presented to the Fire Authority for approval in due course.**

7 ALLOCATION OF SEATS ON CHESHIRE FIRE AUTHORITY

The Director of Governance and Commissioning introduced a report which required Members to consider how to deal with requests from Warrington Borough Council concerned with the allocation of seats on the Fire Authority. He explained the current process for the allocation of seats and requirements contained in paragraphs 11 and 12 of the Cheshire Fire Service's (Combination Scheme). He advised that changing the approach to seat allocation could require secondary legislation. The Director gave an example of how different total seat numbers impacted upon seat allocations.

A Member queried why the current total number of seats was 23. The Director of Governance and Commissioning advised that the Fire Authority had been made up of 23 seats since local government reorganisation in 2009. The Combination Scheme did not state a specific total number of seats. However, it was drafted in such a way that suggested that having more than 25 seats would be exceptional.

Members were reminded that a few fire authorities had reduced their total seat numbers and that the current model for fire governance involving Police and Crime Commissioners was being reviewed.

Members agreed that the Director of Governance and Commissioning should take into account the requests by Warrington Borough Council during the review. They stated that it was important to consult all of the constituent authorities at the appropriate time.

RESOLVED: That

- [1] the Director of Governance and Commissioning proceed with the review and report back in due course.

8 LOCAL GOVERNMENT ASSOCIATION CONSULTATION ON MODEL MEMBER CODE OF CONDUCT

The Director of Governance and Commissioning introduced a report which allowed Members to consider their response to the Model Member Code of Conduct Consultation from the Local Government Association (LGA).

Members considered the questions to the consultation as attached at Appendix 2 to the report and decided that all Members should consider sending individual responses to the Consultation.

RESOLVED: That

- [1] the Model Member Code of Conduct Consultation questions be circulated to all Members to allow them to respond individually.

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Agenda Item 11

Minutes

Local Pension Board - Firefighters Pension Scheme

Monday, 3 August 2020



MINUTES OF THE MEETING OF THE LOCAL PENSION BOARD - FIREFIGHTERS PENSION SCHEME held on Monday, 3 August 2020 at 1.30pm. Remote Meeting - Via Skype at 1.30 pm

PRESENT:

Board Members: Councillors David Brown (Chair), Lee Shears, Neil McElroy (FOA) and G Peers (FBU)

Officers: Andrea Harvey (Pension Scheme Manager), Amy Caves (Solicitor), Carm Rabhani (Senior HR Business Partner) and Donna Linton (Governance and Corporate Planning Manager)

Guest: Graeme Hall (XPS Administration)

1 APOLOGIES FOR ABSENCE

There were no apologies for absence received.

2 DECLARATION OF INTERESTS

There were no declarations of Members' interests.

Members were reminded to complete the Declaration Form for 2020-21 and return this to Donna Linton, Governance and Corporate Planning Manager at their earliest convenience.

3 NOTES FROM THE PREVIOUS MEETING

The Pension Scheme Manager provided the following updates:-

a) Minute 7 – Pension Administrator – Change to Process Report

The Pension Scheme Manager reported that during the previous year a report on pensions had been requested by the Performance and Overview Committee. She advised that the Pension Board had considered whether the work of the Pension Board should be reported to the wider Fire Authority on an annual basis however the view was that the current practice of submitting the minutes of meetings to the Fire Authority was sufficient.

b) Minute 8 – Firefighter Pension Scheme Update

The Pension Scheme Manager reported that an external provider had been identified to provide workshops on pension tax issues. The workshops would be aimed at Station Managers and above and had been planned for November 2020. She advised that the dates were still tentative pending the outcome of the McCloud Remedy Judgement which would have a bearing on the information contained in the

workshops.

RESOLVED: That

- [1] the minutes of the meeting of the Local Pension Board held on 20th November 2019 be confirmed as a correct record.

4 XPS ADMINISTRATION CHESHIRE FIRE SERVICE DELIVERY REPORT 2019/2020

The Operations Manager, Graeme Hall from XPS Administration, was in attendance and presented the Service's Performance Delivery Report for 2019-20. The report contained the following information:-

- Regulations and guidance from April 2019 to February 2020;
- Common data;
- Performance charts showing performance against individual service level requirements;
- KPI reporting accuracy.

It was confirmed that no complaints had been received during 2019-20.

The Pension Scheme Manager asked to what extent staff were using the Member Self-Service Portal and suggested if the usage was low then further communications might be required to promote the Portal. In response, a Member of the Board reported that members who were in more than one pension scheme were experiencing issues with the system and this had already been reported to XPS Administration. Graeme Hall commented that to resolve the issue Members on more than one scheme would be required to use different login details to access each individual scheme. He would discuss the issues raised with the software provider and would provide clarity outside the meeting.

The Pension Scheme Manager asked if the Employee Members of the Board could ascertain how often their members used the Portal in order to determine if further communications and signposting was necessary.

RESOLVED: That

- [1] the report be noted.
[2] Graeme Hall from XPS to discuss the issues raised with the Portal with the software provider and to provide clarity outside the meeting.
[3] the Employee Members of the Board to ascertain how often their members used the Portal in order to determine if further communications and signposting was necessary.

5 XPS ADMINISTRATION COVID 19 UPDATE

The Operations Manager, Graeme Hall from XPS Administration provided an update

on the XPS Administration Covid-19 response. It was reported that at the beginning of lockdown all staff were requested to work from home. On the 20th July 2020 the office opened five days a week with a limited number of staff in the office per day. Staff would be returning to the office over the coming months and a more flexible approach to working from home on an ad-hoc basis would be considered moving forward.

It was reported that XPS Administration had still met all SLA targets during the lockdown period and business had continued as normal.

RESOLVED: That

- [1] the update be noted.

6 FIREFIGHTER PENSION SCHEME UPDATE

The Senior HR Business Partner presented an report which provided an overview of current issues relating to the Firefighters' Pension Schemes, including updates on the following areas:-

- Membership Statistics
- Contracting-Out Reconciliation Exercise
- 2018 Firefighter Pension Scheme Administration Survey
- Annual Benefit Statement Update 2020
- Re-Enrolment Update
- Scheme Annual Activities
- LGA Conference Updates
- Regulatory/Scheme Updates
- Governance and Local Issues

The Pension Scheme Manager advised that since the resignation of the HR Business Support Manager in December 2019, the Service had encountered challenges in recouping the knowledge and experience required in this complex area. Recent activity had been undertaken to create an additional pensions administration role within the team that would be dedicated to Fire. It was expected that within the next three months the staffing levels within the team would be back to a manageable level.

The Pension Scheme Manager took the opportunity to thank CFRS's internal payroll team for undertaking the Annual Data Return exercise. She acknowledged that this work had not been undertaken by the team previously and delays had been incurred due to a lack of familiarity coupled with limited capability within the team. It was expected that the Annual Data Returns exercise would be completed by early August 2020 so as not to create a delay in the issuing of the Annual Benefit Statements.

RESOLVED: That

[1] the update be noted.

7 FIREFIGHTER PENSION SCHEME RISK REGISTER

The Senior HR Business Partner presented the Firefighter Scheme Risk Register (the Register) which had been reviewed in June 2020.

The two major risks detailed within the Register had been discussed as part of minute 6 and 9, these were:-

- McCloud/Sergeant
- Loss of experienced/knowledgeable staff

The Chair sought clarity on the Data Forecasting and Calculation marked as amber. In response, the Pension Scheme Manager advised that the job description for the new post within the Payroll Team would cover this area of work.

RESOLVED: That

[1] the Firefighter Pension Scheme Risk Register be noted.

8 REVIEW OF SPLIT PENSIONS ELIGIBILITY

The Pension Scheme Manager provided an update on the issues of split pensions and the outcome of investigations completed by XPS Pensions Group.

The Solicitor outlined that following conclusion of the exercise an assessment had been undertaken to determine whether the failure to provide the split pension to the people in scope represented a breach of the pension regulations or a material breach. She advised how the assessment had been undertaken using the Pensions Regulator RAG template and explained the assessment under each heading.

Following the explanation of the assessment Members of the Board were in agreement that this did not represent a material breach and therefore did not require reporting to the Pensions Regulator.

The Pension Scheme Manager advised that she had been asked to submit a case study to the LGA for inclusion in the forthcoming newsletter as it had been commented on that this represented an example of good practice and effective working with the Fire Brigades Union (FBU). This suggestion was welcomed.

It was suggested that to assist people going forward that eligibility and forecasting in relation to split pensions could be included on annual benefits statements. Graeme Hall from XPS advised that this was something that he was willing to look into. In the meantime it was suggested that the Service should undertake a further exercise to identify who they believed may be in scope for a split pension in the future. It was considered that by quantifying the potential number of people in scope for the future this may assist XPS in fielding queries and flagging people on their system.

RESOLVED: That

- [1] the update be noted.
- [2] Graeme Hall from XPS to look into options of including split pension forecasts on annual benefit statements.
- [3] The Payroll Team to identify who was in scope for a split pension.

9 UPDATE ON THE MCCLOUD JUDGEMENT

The Solicitor provided an update regarding the judgment of the Court of Appeal in the McCloud/Sergeant case, where it was claimed that the transitional protections of the 2015 Firefighters Pension Scheme were discriminatory on the grounds of age. She advised that this would have implications for all public sector pension schemes.

A contextual overview of the case was provided and it was confirmed that the Supreme Court rejected the Government's application for permission to appeal against the decision of the Court of Appeal. The Government was now considering amendments to legislation to remove the discrimination resulting from the transitional protection. The Remedy Hearing due to take place on 17th July 2020 was adjourned pending the outcome of the Fire Services Schedule 22 Appeal.

On 16th July 2020 HM Treasury published a consultation on proposals to remedy the current issue by giving members a choice as to whether to stay in their current pension schemes or move back into their legacy schemes. The consultation centres on when the members would be required to make that choice i.e. immediate or deferred choice. The consultation runs until 11th October 2020.

CFRS had also received additional claims from members who were automatically transferred to the 2015 pension scheme, which they say was less beneficial than the 1992 scheme. These claims were currently stayed pending the outcome of the remedy hearing.

CFRS had also received notice of potential claims by those members who were ill health retired or were about to take early retirement at the age of 50. The members were being treated as if they remain on the 2015 scheme, instead of the 1992 scheme.

RESOLVED: That

- [1] the update be noted.

10 PENSION BOARD - TRAINING UPDATE

The Director of Transformation advised that all LGA 'in person' events had now been postponed/cancelled up to the end of October 2020 due to the Covid-19 pandemic. However, in the interim some pensions related training had been provided online on

10th and 8th July 2020 which Board Member had been encouraged to attend.

Board Members considered their training needs and it was agreed that the following would be arranged over the next 12 months:-

- Skills-gap analysis
- Training of potential new Board Members
- Arrange for the Local Government Association to provide an in-house training session post October 2020
- To hold an information session on the McCloud Judgement with Members of the Fire Authority.

RESOLVED: That

[1] the update be noted;

[3] Board Members to provide any comments and/or feedback on potential training needs direct to the Governance and Corporate Planning Manager.

[2] the Governance and Corporate Planning Manager to arrange for the Local Government Association (LGA) Firefighter' Pension Advisor to provide 'Local Pension Board Training' to the Pension Board later in the year.

PROGRAMME OF MEMBER MEETINGS FOR THE MUNICIPAL YEAR 2020-21

Cheshire Fire Authority (Wednesday at 10.30am)	Governance and Constitution Committee (Wednesday at 10am)	Performance and Overview Committee (Wednesday at 10am)	Staffing Committee (Monday)
1 July 2020	29 July 2020	22 July 2020	
29 July 2020 - CANCELLED (Sign-off final accounts)			
7 October 2020 (Final accounts) (Annual Report) (IRMP)		2 September 2020 (Q1 Performance Report)	16 November 2020 at 3pm
9 December 2020 (Consider outline budget)	11 November 2020	25 November 2020 (Q2 Mid Year Performance Report)	
10 February 2021 (Approve final budget and precept)	27 January 2021	24 February 2021 (Q3 Performance Report)	22 March 2021 at 12pm
28 April 2021	7 April 2021		

ADDITIONAL MEMBER MEETINGS:

Estates and Property Committee:	Dates arranged as required.
BM Pay and Performance Committee dates:	
CFO Interim Appraisal:	Monday 16 November 2020 at 1pm
BM Pay Review:	Monday 25 January 2021 at 10am
CFO Appraisal:	Monday 22 March 2021 at 10am
Pension Board: 2pm	Monday 3 August 2020
Additional dates tbc	Wednesday 18 November 2020
	Wednesday 17 March 2021
Closure of Accounts 10am	Wednesday 26 May 2021
Risk Management Board: 10am	Tuesday 13 October 2020
	Tuesday 16 March 2021
Member Training and Development Group: 10am	Tuesday 7 July 2020 – CANCELLED
	Tuesday 6 October 2020
	Tuesday 8 December 2020
	Tuesday 23 March 2021
Member Planning Days:	Friday 10 June 2020 – CANCELLED
	Friday 24 July 2020 – CANCELLED
	Friday 4 September 2020
	Friday 20 November 2020
	Friday 15 January 2021

Agenda Item 2

CHESHIRE FIRE AUTHORITY

MEETING OF: CHERESHIRE FIRE AUTHORITY
DATE: 7TH OCTOBER 2020
REPORT OF: GRANT THORNTON, EXTERNAL AUDITORS
AUTHOR: HEAD OF FINANCE

SUBJECT: EXTERNAL AUDIT FINDINGS REPORT 2019-20

Purpose of Report

1. To present the 2019-20 audit findings of the external auditors Grant Thornton.

Recommended that:

- [1] the content of the Audit Findings Report 2019-20 be noted.

Information

2. Under the International Standards of Auditing (UK) (ISAs), external audit is required to report whether, in their opinion:
 - the Authority's financial statements give a true and fair view of the Authority's financial position and of the group and Authority's expenditure and income for the year; and
 - have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.
3. External Audit also reports on the value for money arrangements.
4. The Audit Findings Report 2019-20, attached as Appendix 1, sets out the processes and checks Grant Thornton has undertaken together with its findings and opinions. There are a few outstanding items to be completed and these are reflected in the attached report.
5. Representatives from Grant Thornton will attend the meeting to present the report and receive questions from Members.

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The Audit Findings for Cheshire Fire Authority

Year ended 31 March 2020

7 October 2020

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Headlines

Headlines

This table summarises the key findings and other matters arising from the statutory audit of Cheshire Fire Authority Authority ('the Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2020 for those charged with governance.

Financial Statements	<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Authority's financial statements:</p> <ul style="list-style-type: none"> • give a true and fair view of the financial position of the Authority and Authority's income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. <p>We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report and Fire Fighter Pension Fund Account, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>	<p>Our audit work was completed remotely during July, August and September . Our findings are summarised on pages 6 to 15. We have identified one material change to the financial statements. Audit adjustments are detailed in Appendix C. We have also raised recommendations for management as a result of our audit work in Appendix B.</p> <p>Our work is substantially complete, however at the time of drafting this report there was one issue affecting the pensions liability for which we had not been able to obtain assurance.</p> <ul style="list-style-type: none"> • We are awaiting information from the auditor of Cheshire Pension Fund on aspects of the pension fund asset values, on which we will need to complete audit procedures before we can confirm we have obtained adequate assurance over the pension liability. <p>Subject to resolving the matters described above at the point of drafting this report there were no matters of which we are aware that would require modification of our audit opinion Appendix D or material changes to the financial statements, subject to the following outstanding matters;</p> <ul style="list-style-type: none"> • receiving adequate assurance from the work of the Cheshire Pension Fund Auditor, • final reviews of the audit file and completion of responses to review queries, • receipt of management representation letter; and • review of the final set of financial statements. <p>We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation.</p> <p>Our anticipated audit report opinion will be unqualified including an Emphasis of Matter paragraph, highlighting the inclusion of material uncertainties in respect of the valuation of material land and buildings.</p>
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Headlines

Headlines

This table summarises the key findings and other matters arising from the statutory audit of Cheshire Fire Authority Authority ('the Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2020 for those charged with governance.

Covid-19	<p>The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the Authority . Front line staff have undertaken additional work such as</p> <ul style="list-style-type: none"> • Delivering prescription medicines to vulnerable residents. • Transporting blood and tissue samples. • Transporting food parcels. • Distributing personal protection equipment to health and care colleagues. <p>There have significant changes to the way other function operate as telephone consultations for businesses need help with protection and compliance matters remote working for most back-office and virtual meetings of the Authority Authorities are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financials statements to 30 November 2020.</p>	<p>Our Audit Plan issued in April 2020 included a significant financial statement risk in respect of Covid -19 and highlighted the impact on our VfM approach. Further detail is set out on page 6. Restrictions for non-essential travel has meant both Authority and audit staff have had to adapt to new remote access working arrangements for example remote accessing financial systems, video calling, photographic verification of assets and confirming completeness accuracy of information produced by the authority by live streaming the production of reports. Draft financial statements were provided to us on 6 July and these were confirmed as the unaudited statement of accounts following the Performance and Overview Committee virtual meeting on 22 July.</p>
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Headlines

Headlines

This table summarises the key findings and other matters arising from the statutory audit of Cheshire Fire Authority Authority ('the Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2020 for those charged with governance.

Value for Money arrangements	<p>Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').</p>	<p>We have completed our risk-based review of the Authority's value for money arrangements. We have concluded that Cheshire Fire Authority has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p>
Statutory duties	<p>The Local Audit and Accountability Act 2014 ('the Act') also requires us to:</p> <ul style="list-style-type: none"> • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • To certify the closure of the audit. 	<p>We have not exercised any of our additional statutory powers or duties. We have completed the majority of work under the Code and plan to issue our completion certificate alongside our opinion.</p>

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Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance and timely collaboration provided by the finance team and other staff during these unprecedented times.

Audit approach

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

~~Audit~~ Approach

Our audit approach was based on a thorough understanding of the Authority's business and is risk based, and included

- Evaluation of the Authority's internal controls environment, including its IT systems and controls.
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Authority Meeting following completion of our audit, as detailed in Appendix D. These outstanding items include:

- receiving adequate assurance from the work of the Cheshire Pension Fund Auditor,
- final reviews of the audit file and completion of responses to review queries,
- receipt of management representation letter; and
- review of the final set of financial statements.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

In our audit plan we determined material based last year's reported gross expenditure, normalised to take account of the impact of the McCloud case on pension charges. On receipt of the unaudited financial statements we revised materiality to better reflect the values included in the financial statements. We have kept gross expenditure as our benchmark and the revised materiality represents 2% of that figure, this proportion is unchanged.

	Planning Amount (£)	Revised Amount (£)	Qualitative factors considered
Materiality for the financial statements	739k	851k	Gross expenditure is considered an appropriate benchmark for public sector organisations because their purpose is to deploy resources to provide public services.
Performance materiality	517k	595k	This is based on 70% of financial statement materiality.
Trivial matters	37k	42k	This is based on 5% on financial statement materiality.
Materiality for senior officer remuneration	5k	5k	A Lower level has been set because for these items due to public interest in these figures.

Significant audit risks

Risks identified in our Audit Plan

Covid- 19

The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;

- Remote working arrangements and redeployment of staff to critical front-line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation
- Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates
- Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and
- Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.

We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.

ISA240 revenue recognition risk

Under ISA 240 (UK) there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. The presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

Auditor commentary

We:

- worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported. The draft financial statements were provided on 6 July 2020;
- liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose. Examples include the material uncertainty disclosed by the Authority's property valuation expert
- evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic;
- evaluated whether sufficient audit evidence could be obtained through remote technology;
- evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations;
- evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment.

As documented on page 8 we expect to reference in our audit report, an emphasis of matter in relation to material uncertainties in the valuation of land and buildings.

We have not identified any further material uncertainties in relation to Covid-19 that would result in a material misstatement in the financial statements.

As set out in our audit plan issued in April 2020 we do not consider this to be a significant risk for the Authority. We have made no change to our risk assessment in this area. We therefore continue to rebut this risk on the basis that:

- there is little incentive to manipulate revenue recognition.
- opportunities to manipulate revenue recognition are very limited as some 94% of the Authority's gross income is from taxation or government grant.
- the culture and ethical frameworks of local authorities, including Cheshire Fire and Rescue Authority, mean that all forms of fraud are seen as unacceptable.

Financial statements

Significant audit risks

Risks identified in our Audit Plan	Auditor commentary
<p>Management override of controls</p> <p>Under ISA 240 (UK) there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Our work has included;</p> <ul style="list-style-type: none"> • evaluating the design effectiveness of management controls over journals. • analysing journals, determine the criteria for selecting high risk unusual journals and identifying and selecting journals with unusual narrative. • testing unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration. • gaining an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence. • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions. <p>Our audit work has not identified any changes to accounting policy or practise. Our audit work has not identified any issues in respect of management override of controls.</p>
<p>Valuation of Property, Plant and Equipment (Land and Buildings)</p> <p>The Authority revalues its land and buildings on a five-year basis. In the intervening years, such as 2019/20, to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, the Authority requests a desktop valuation from its valuation expert to ensure that there is no material difference. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>We therefore identified valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.,</p> <p>Since we issued our audit plan, we became aware that RICs were referring members to VPS 3 and VPGA 10 of the RICS Red Book and the impact Covid-19 outbreak on market activity. In response valuers have reported on the basis of material valuation uncertainty, noting a higher degree of caution should be attached to their valuations than is normally the case.</p>	<p>Our work has included;</p> <ul style="list-style-type: none"> • evaluating management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work, • evaluating the competence, capabilities and objectivity of the valuation expert, • engaging with the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met, • challenging the valuer on the information and assumptions used to assess completeness and consistency with our understanding, including information we obtained independently on property and building cost trends. • testing a sample of the revaluations made during the year to confirm that they properly incorporate the information and assumptions described above and that the assumptions are relevant to the individual assets, • testing revaluations made during the year to see if they had been input correctly into the Authority's asset register. <p>We found that land values included in the financial statements had increased more than had been expected based on national trends however, we obtained appropriate assurance over the local property market to support that change. The valuation of operational buildings is based on their estimated Depreciation replacement Cost. The Authority uses the work of experts to help determine these values. We reviewed their methods and calculation and corroborated build costs rates used to independent sources. The draft financial statements did not include reference to the material valuation uncertainty. Management have subsequently amended the financial statements to include reference to this, in line with the report of the valuer. We consider this disclosure to be fundamental to a reader's ability to understand the financial statements and we will draw attention to it in our audit report as an Emphasis of Matter, this does not modify our opinion on the financial statements, see Appendix D. At the time of writing, our work in this area is subject to final review but has not identified any further issues in respect of valuation of land and buildings to report to you.</p>

Financial statements

Significant audit risks

Risks identified in our Audit Plan

Valuation of pension fund net liability

The Local Government Pension Scheme (LGPS) pension net liability as reflected in the balance sheet, and asset and liability information disclosed in the notes to the accounts, represent a significant estimate in the financial statements.

The Firefighters Pension schemes pension fund liability as reflected in the balance sheet and notes to the accounts represent significant estimates in the financial statements.

These estimates by their nature are subject to significant estimation uncertainty being sensitive to small adjustments in the key assumptions used.

We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.

Auditor commentary

Our work has included;

- updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluated the design of the associated controls;
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;
- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as the auditor's expert) and performing any additional procedures suggested within the report;
- requested assurances from the auditor of Cheshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the Cheshire Pension Fund financial statements, and
- tested the data provided to the actuary of the Fire Fighter Pension Fund.

At the time of drafting this report we are to receive the information we requested from the Cheshire Pension Fund auditor and are concluding our procedures in respect of the overall pension net liability.

We have been made aware that the Pension Fund Auditor is to include an emphasis of matter in his report drawing attention to a material valuation uncertainty relating to the Fund's real estate portfolio. The Authority's share of the Pension Fund assets is £42.9m of which £3.5m, or 8.15% is real estate. We will need to consider if there are any reporting impacts in this area following receipt of communications from the pension fund auditor.

Following the publication of the proposed McCloud remedy in July, the Authority were advised by the actuary that this could have an impact on the pension liability. The Authority requested updated IAS 19 valuations in order to quantify the impact.

Following receipt of updated valuations, it was determined that the impact would be a material reduction in the firefighter scheme liability of £2.3m and a smaller reduction of £69k in respect of the local government pension scheme.

Management have adjusted the financial statements in respect of these movements given the overall impact is material. We are currently awaiting technical guidance to confirm that this is appropriate.

We anticipate being in a position to update verbally on this matter in presenting our audit findings.

Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment
Land and Buildings – £66.2m	<p>Land and buildings comprise:</p> <p>£41.8m of specialised assets valued on a DRC basis</p> <p>£3.3m of non-operational buildings valued on an existing use business</p> <p>£9.2m of residential property valued on a market basis</p> <p>£11.8m of land valued on a market basis.</p> <p>Depreciated replacement cost (DRC), reflects the cost of a modern equivalent asset necessary to deliver the same service provision. The Authority has engaged a valuer to complete the valuation of properties as at 31 March 2020.</p> <p>In line with RICS guidance, the Authority's valuer disclosed a material uncertainty in the valuation of the Authority's land and buildings at 31 March 2020 as a result of Covid-19. The Authority has included disclosures on this issue in Note 4.</p> <p>The valuation of properties valued by the valuer has resulted in a net increase/decrease of £4.15m. All properties were re-valued.</p>	<p>Management's expert is a professional valuer and Registered Member of the RICs and has undertaken valuation work for the Authority for a number of years. He has a good knowledge of the Authority's estate and of the property market in Cheshire. Market values prepared by the valuer are evidenced with market data. He draws on the work of a Building Consultant to inform his determination of the depreciated replace cost.</p> <p>Information provided to the valuer has been verified for completeness and accuracy.</p> <p>There were no changes in methods used by the valuer.</p> <p>We compared the work of the valuer to information provided by an auditor's experts Gerald Eve. This included challenging the Building Consultant over the basis of his calculations. We obtained explanations and have been able to corroborate these to other sources of evidence.</p> <p>Information about the valuation and the relevant accounting has been adequately disclosed in the financial statements.</p> <p>Overall, we are satisfied the Authority's land and buildings are not materially misstated. Accounting policies are adequately disclosed and the material uncertainty is appropriately disclosed.</p> <p>As noted on page 8, we draw attention to the material uncertainty in an emphasis of matter within our draft audit report as included in Appendix D.</p>	 Green

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment			
		Assumption	Actuary Value LG	Actuary Value Firefighters	PwC range	Assessment
Net pension liability – £523m	<p>The Authority's net pension liability at 31 March 2020 is £523m (PY £591m) comprising the Cheshire Local Government Pension Scheme, a funded defined benefit scheme, and The Cheshire Fire Fighters Pension Fund an unfunded defined benefit pension scheme. The Authority uses Hymans Robertson to provide actuarial valuations of the Authority's assets and liabilities derived from (this scheme/these schemes). A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2019. A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy, discount rates, salary growth and investment return. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £77m net actuarial gain during 2019/20.</p>	Discount rate	2.3%	2.3%	1.8%-2.4%	●
		Pension increase rate	1.9%	1.9%	1.9% - 2.1%	●
		Salary growth	2.6%	2.8%	1.25% – 4.1%	●
		Life expectancy – Males currently aged 45 / 65	21.9	27.5	20.8 – 27.7	●
		Life expectancy – Females currently aged 45 / 65	25	29.7	23- 27.7	●
<p>We have carried out an assessment of Management's expert, Hymans Robertson and have satisfied ourselves that they have the appropriate knowledge and experience to undertake this work and have used methodologies and assumptions that are in line with industry norms and appropriate to Cheshire Fire Authority.</p> <p>We have used of PwC as auditor's expert to support our assessment of the actuary and assumptions made by actuary; key assumptions are set out in the table above. For four out of five assumptions Hymans Robertson were within the ranges identified as reasonable by the auditor's expert. For female life expectancy Hymans Robertson have quoted a range greater than the PwC range, However this only applies to future pensioners who are assumed to have an average current age of 45 and therefore life expectancy of 73 appears reasonable.</p> <p>We have tested the completeness and accuracy of the underlying information used to determine the estimate, confirming that the authority has properly extracted the data from its records and transferred it intact to the actuary and to Cheshire Pension Fund.</p> <p>We have confirmed that there has been no change in valuation method.</p> <p>We have reviewed the adequacy of disclosure of estimate in the financial statements, comparing the statements to the requirement of the CIPFA Code and are satisfied all material requirements have been met.</p>						



Significant findings – going concern

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Going concern commentary

Management's assessment process

The Authority has a reasonable expectation that the services it provides will continue for the foreseeable future. Its level of free general reserve at 31 March 2020 £2,3m and represents just over 5% of gross expenditure on services, in addition the Authority has earmarked reserves of £19m including £14.5 resource centre reserve set aside to support service change and efficiency programmes. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Work performed

The MTFP has been reviewed and compared to the budget for the year to 31 March 2021 and the Council Tax precept papers. The review focused on the reasonableness of assumptions used in preparing forecasts.

Concluding comments

Auditor commentary

- The CIPFA Code requires that local authorities, such as Cheshire Fire Authority, that can only be discontinued under statutory prescription shall prepare their financial statements on a going concern basis of accounting. In the absence of proposed legislation to this effect the Authority is making a reasonable assumption.
 - In fulfilling its responsibilities to plan for the safety of people in Cheshire, each year the Authority prepares an Integrated Risk Management plan that sets out the priorities for the Authority and the strategy for achieving those priorities. It is linked to and supported by the Medium-Term Financial Plan MTFP.
 - The Authority has identified that additional costs relating to Covid 19 have fallen in 2020/21 financial year and the effect has been mitigated by measures such as early remittance of s31 grants from central government which has boosted cash flow.
 - The Treasurer when preparing the forthcoming budget, in support of the Council Tax precept has a duty to prepare a statement that confirms the robustness of estimates.
 - The Treasurer is supported in this by the Head of Finance.
 - We did not identify any material uncertainty relating to going concern.
 - Assumptions used in the forecasts incorporated in the 2021 Budget and the MTFP were clearly set out, appropriate to the Authority's requirements and applied consistently.
- We have concluded that managements' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
 - Our audit opinion where it relates to the application of the going concern basis of preparation will be unmodified.

Other findings –

Our responsibility

As auditors, we are required to report significant deficiencies in internal control ad other failures where they may have a material impact on the financial statements.

Control failure

Auditor commentary

Payment without express authorisation

An invoice for £44,225.50 plus Vat in respect of the Authority's contribution to Blues Light Collaboration- Oracle Cloud Implementation- was sent to the budget holder for approval in an email along with one other item.

The reply shows explicit approval for the second invoice but not for the first which was nonetheless processed for payment and included in a BACs transfer of £147,399.35

- Reviewing the audit trail confirmed that there was no reason not to pay the invoice, subsequent enquiries confirmed there was no intention to withhold approval.
- The invoice and payment were properly processed and reported in the correct accounting period and under the correct account headings.
- Based on the above, we are satisfied there is no error in the financial statements, however the control process has failed as approval for payment has not been adequately evidenced.

Recommendation

The authority should review its procedures and practises for approving unusual items of expenditure and expenditure that falls outside the normal creditor payment systems to ensure appropriate approval is obtained and evidenced.

Management response

The Authority will strengthen authorisation arrangements in this area.

Assurance over service organisations

Auditor Commentary

XPS payroll services

The authority does not obtain an independent assurance report over the control environment at the outsources payroll provider XPS.

The Authority user XPS to process its payroll transactions - all HR related matters are managed in house and the authority undertakes checks on the validity and accuracy of the payroll processing. The Contract with XPS includes quality performance measures. While not essential, it is common for service users to request assurance reports from service providers.

Recommendation

The authority should consider whether it has adequate assurance over processing controls at the payroll provider

Management response

The service provided by XPS is a processing one only, all significant payroll variables are under the control of the authority, routine checking provide assurance over the accuracy of the payroll runs. The level of additional assurance available from such a report has been considered but not found to be significant.

Other matters for communication

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Auditor commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with Members of the Authority. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Authority, which is included in the Authority Meeting papers.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to National Westminster Bank and Aberdeen Asset Management. This permission was granted and the requests were sent and both of these requests were returned with positive confirmation. We requested direct confirmation of authenticity of reports issued by Hymans Robertson and Cottrell Commercial, and such confirmation was received.
Disclosures	The valuer had included in his report a statement that as a consequence of market activity being impacted by the Covid-9 outbreak, property valuations are subject to material valuation uncertainty and a higher degree of caution should be attached to such valuations. This narrative was not included in the unaudited financial statements however management agreed to its correction. The Authority has disclosed the fair value of the PWLB loans at £1,238k based on the early redemption rate. We have calculated the fair value based on the PWLB new loan rates at the reporting date and estimated the fair value to be £1,126k , a difference of £111k. Management do not consider this difference to be material to a readers understanding of the financial statements and has not amended. The liability is measured and reported correctly in the balance sheet. In addition to the above we identified a small number areas where disclosure could be enhanced, management agreed to make the relevant amendments. Full details are set out in appendix B
Audit evidence and explanations/significant difficulties	All information and explanations requested from management was provided.

Other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to appendix D</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a numbers of areas:</p> <ul style="list-style-type: none"> • If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit • If we have applied any of our statutory powers or duties <p>We have nothing to report on these matters.</p> <p>We did note that the when the Public Rights notice was first posted announcing the Inspection period only the unaudited statement of accounts was published, and that the inspection period ran for 30 working days from 31 July to 10 September. Regulation 15 of the Audit and Accounts Account requires the Annual Governance statement to also be published before the start of the Inspection period. This was corrected on 5 August and the Inspection period extended to 18 September.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Work is not required as the Authority does not exceed the threshold.</p>
Certification of the closure of the audit	<p>We intend to certify the closure of the 2019/20 audit of Cheshire Fire and Rescue Authority at the point of issuing our audit report.</p>

Value for Money

Background to our VFM approach

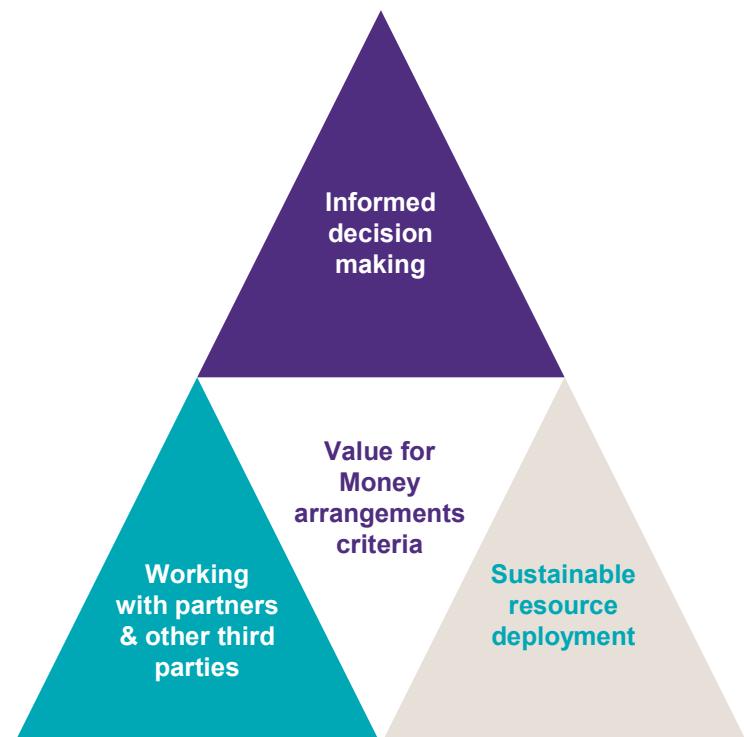
We are required to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Authority. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in April 2020. AGN 03 identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:

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Risk assessment

We carried out an initial risk assessment between March and June against the guidance provided by AGN03. We communicated this to you in our Audit Plan dated 29 April 2020. At that time we indicated that we would review the Authority's arrangements for budgeting and for monitoring and reporting financial performance which is a key part of ensuring sustainable resource deployment.

We also indicated we would review our understanding of the Authority's approach to ensuring business continuity after the outbreak of Covid -19.

We have continued our review of relevant documents up to the date of giving our report and have not identified any further significant risks where we need to perform further work.

We carried out further work only in respect of the risks we identified from our initial and ongoing risk assessment.

Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Authority's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the risks that we identified in the Authority's arrangements.

In arriving at our conclusion, our main considerations were:

- Has the Authority maintained its record of good financial management?
- Has the Authority responded appropriately to the effects of the Covid-19 outbreak?

Overall conclusion

Based on the work we performed to address the risks, we are satisfied that the Authority had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The text of our report, which confirms this can be found at Appendix D.

Part
3
Value for Money

Risk area

Findings

Conclusion

Financial Sustainability

The Authority faces funding reductions, changes in the legislative framework and uncertainty about future pensions costs

- The Authority again delivered a small budget surplus which in accordance with declared policy has been used to support reserves.
- The was effective monitoring of the performance against budget through out the year.
- The Authority actively managed its investments, borrowings and cash, in line with the treasury management strategy approved before the start of the year , to support the capital programme.
- Financial management and operational risk management remain closely aligned through the process for updating the Integrated Risk Management Plan.
- The Authority remains committed to working with partners across the public sector.

The Authority has adequate arrangements in place for ensuring financial sustainability that include arrangements to make decisions on an informed basis and to work effectively with partners.

Covid 19

This is an unprecedented circumstance which will change the way the Authority Functions.

- Cheshire Fire Authority had in place arrangements to continue operating as normal once the Covid-19 Lockdown began, with non-frontline staff able to work remotely.
- We found no evidence of weakening of the transactional control environment.
- Member meetings were suspended temporarily; when IT issues were resolved, a working protocol established for remote meetings ensuring member oversight maintained.
- The Authority has identified that additional costs associated with Covid-19 will fall into 2021 and is monitoring these against Government support.

The Authority has responded appropriately to the Covid-19 outbreak.

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Authority's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Authority's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix C

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. No non-audit services were identified which were charged from the beginning of the financial year to 25 September 2020.

Q4

Appendix A

Action Plan: Audit recommendations

We set out below the recommendations made in the body of this report.

Control failure	Auditor commentary
Payment without express authorisation An invoice for £44,225.50 plus Vat in respect of the Authority's contribution to Blues Light Collaboration- Oracle Cloud Implementation- was sent to the budget holder for approval in an email along with one other item. The reply shows explicit approval for the second invoice but not for the first which was nonetheless processed for payment and included in a BACs transfer of £147,399.35	<ul style="list-style-type: none"> Reviewing the audit trail confirmed that there was no reason not to pay the invoice, subsequent enquiries confirmed there was no intention to withhold approval. The invoice and payment were properly processed and reported in the correct accounting period and under the correct account headings. Based on the above, we are satisfied there is no error in the financial statements, however the control process has failed as approval for payment has not been adequately evidenced.
Recommendation	Management response
The authority should review its procedures and practises for approving unusual items of expenditure and expenditure that falls outside the normal creditor payment systems to ensure appropriate approval is obtained and evidenced.	The Authority will strengthen authorisation arrangements in this area.
Assurance over service organisations	Auditor Commentary
XPS payroll services The authority does not obtain an independent assurance report over the control environment at the outsources payroll provider XPS.	The Authority user XPS to process its payroll transactions - all HR related matters are managed in house and the authority undertakes checks on the validity and accuracy of the payroll processing. The Contract with XPS includes quality performance measures. While not essential, it is common for service users to request assurance reports from service providers.
Recommendation	Management response
The authority should consider whether it has adequate assurance over processing controls at the payroll provider	The service provided by XPS is a processing one only, all significant payroll variables are under the control of the authority, routine checking provide assurance over the accuracy of the payroll runs. The level of additional assurance available from such a report has been considered but not found to be significant.
Annual Governance Statement	Auditor Commentary
Delay in publication The Annual Governance Statement was not posted on the Authority's website until the 5 August 2020 although the Statement of accounts had been posted and the Public Inspection period advertised from 31 July 2020.	<p>The Accounts and Audit Regulation 15 sets out the requirements for publication at the start of the inspection period and 15) 2) a) ii) requires the Annual Governance Statement to be made available, at the same time as the financial statements, even if not yet approved by the Authority.</p> <p>This was corrected immediately it was brought to the Authority's attention. A similar error occurred in 2018.</p>
Recommendation	Management response
Ensure the Annual Governance Statement is published at the same time as the Statement of Accounts.	Publication schedules for both documents will be harmonised.

Appendix B

Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure matter Page 6	Detail	Auditor recommendations	Adjusted?
Material valuation uncertainty in Land and Buildings values.	The valuer had included in his report a statement that property valuations are subject to material valuation uncertainty and a higher degree of caution should be attached to such valuations.	<p>Include details of this disclosure in the financial statements under the heading Estimation uncertainty</p> <p>Management response</p> <p>Agreed, financial statements to be amended.</p>	✓
Fair value disclosure for financial liabilities.	The fair value of the PWLB borrowings is reported at £1,238k based on calculations prepared by Link Asset Management. We have determined the fair value based on the new loan right to be £1,127k	<p>Amend the fair value disclosure</p> <p>Management response</p> <p>Management has based the fair disclosure on advice received from its treasury management advisors. Management accepts that a different basis produces a valid fair value however the difference is not material, the disclosure is illustrative only, and the underlying balance is correctly measured and reported.</p>	✗
Note 1.1 accounting policies basis of preparation.	The note did not stipulate that the accounts are prepared on a going concern basis	<p>Amend the disclosure to include an express statement to this effect.</p> <p>Management response</p> <p>Additional narrative added as follows. "In addition, this Statement of Accounts assumes the Fire Authority will continue in operational existence for the foreseeable future under the 'Going Concern' concept as a statutory body under legislation."</p>	✓
Note 2 Accounting standards issued but not adopted	No reference to IFRS 16 Leases	<p>This standard was due to come into effect on 1 April 2021 but has been deferred to 2021 following the Covid 19 outbreak, and explanation should be included.</p> <p>Management response</p> <p>Additional narrative will be added to the note.</p>	✓

Appendix B

Audit adjustments

Misclassification and disclosure changes (continued)

Disclosure matter	Detail	Auditor recommendations	Adjusted?
Note 3 Critical Judgements	Assumptions about Government funding have been identified under the heading of significant judgements.	<p>The disclosure does not relate to judgements about the application of any specific accounting policy or measurement of any specific line item with the primary statements and therefore should be removed.</p> <p>Management response</p> <p>Agreed, disclosure removed.</p>	✓
Note 4 Estimation uncertainty	The disclosure refers to asset lives and provisions which are estimated but are unlikely to have material impact in the next reporting period.	<p>The disclosures are not required and can be removed</p> <p>Management response</p> <p>Agreed, disclosure removed.</p>	✓

Appendix B

Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2020.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Amendment to pensions liability to reflect consultation on McCloud remedy	Cr 2,369	Dr 2,369	Cr 2,369
Overall impact	Cr £2,369	Dr £2,369	Cr £2,369

Impact of unadjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2020.

Page 69

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not amending
Fair value of PWLB Loans overstated in disclosure note 13 £111k	nil	nil	nil	Management do not consider this difference to be material to a readers understanding of the financial statements. The liability is measured and reported correctly in the balance sheet.
Overall impact	Nil	Nil	nil	

Appendix C

Fees

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Audit fees	Proposed fee	Expected final fee
Authority Audit	27,492	27,492
	£27,492	£27,492

The fees reconcile to the financial statements.

- fees per financial statements £31,992
- additional fee in respect of 2018/19 audit (£4,500)
- total fees per above £27,492

No non-audit or audited related services have been undertaken for the Authority

Appendix D

Audit opinion

We anticipate we will provide the Authority with an unmodified audit report

Independent auditor's report to the members of Cheshire Fire Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cheshire Fire Authority (the 'Authority') for the year ended 31 March 2020 which comprise, the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including accounting policies and includes the firefighters' pension fund financial statements comprising the Fund Account and the Net Assets Statement. The notes to the financial statements include the Expenditure and Funding Analysis Note and the Notes to the Accounts. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2020 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Treasurer and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Authority's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Authority's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an authority associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Treasurer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20 that the Authority's financial statements shall be prepared on a going concern basis, we considered the risks associated with the Authority's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the Authority's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Authority will continue in operation.

Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings

We draw attention to Note 10 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of land and buildings as at 31 March 2020. As, disclosed in Note 4 to the financial statements, it is the valuers' professional judgement less certainty and a higher degree of caution are attached to the valuation than would normally be the case. Their valuation is therefore reported on the basis of 'material valuation uncertainty' and a higher degree of caution should be attached to their valuation than would normally be the case. Our opinion is not modified in respect of this matter.

Appendix D

Audit opinion

Other information

The Treasurer is responsible for the other information. The other information comprises the information included in the Narrative Report, other than the financial statements and our auditor's report thereon and the Annual Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report and the Annual Governance Statement, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report 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; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application 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 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Treasurer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities set out on page 16, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Treasurer. The Treasurer is responsible for the preparation of the Statement of Accounts, which includes the 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 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for 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 unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Authority is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Appendix D

Audit opinion

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements - Conclusion 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 on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing 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.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made 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 April 2020, as to whether in all significant respects the 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 the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

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

Use of our report

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 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members 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 Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

[Signature]

Michael Green Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Manchester

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Agenda Item 3

CHESHIRE FIRE AUTHORITY

MEETING OF: CHESHIRE FIRE AUTHORITY
DATE: 7TH OCTOBER 2020
REPORT OF: TREASURER
AUTHOR: WENDY BEBBINGTON

SUBJECT: FINAL ACCOUNTS 2019-20 AND ANNUAL GOVERNANCE STATEMENT

Purpose of Report

1. Under normal circumstances, the Authority is required to approve its audited Statement of Accounts for publication on or before 31st July. However, due to the impact of the Covid-19 pandemic, the deadline is now 30th November 2020. This report summaries the changes that have been made to the unaudited Statement of Accounts.
2. The Statement of Accounts includes the Annual Governance Statement which the Authority is also required to approve and publish within the same timeframe as the Statement of Accounts.

Recommended: That;

- [1] The 2019-20 Annual Governance Statement be approved;
- [2] The 2019-20 Statement of Accounts be approved and the Chair, Treasurer, Chief Fire Officer and Chief Executive and Monitoring Officer (as necessary) be authorised to sign the Statement of Accounts and Annual Governance Statement upon receipt of the finalised audit opinion;
- [3] The movement on reserves, as shown in the Statement of Accounts, be noted; and
- [4] The Letter of Representation, as detailed at Appendix 2 to this report, be approved for signature by the Chair on behalf of the Authority, upon receipt of the finalised audit opinion.

Background

3. The unaudited Statement of Accounts for 2019-20 was reported to the Performance and Overview Committee acting as the Closure of Accounts Committee on 22nd July 2020. The 2019-20 Annual Governance Statement was also considered at the meeting. This provided an opportunity for Member scrutiny before its inclusion with the accounts.

4. The Authority at its meeting on 1st July 2020, considered an End of Year Financial Report which indicated that there had been an underspend of £0.7m compared to budget in the final quarter of the financial year. This brought the overall underspend compared to budget to £0.6m for the full year.

Statutory Requirements

5. The Accounts and Audit Regulations 2015 (the Regulations) set out the requirements for the production and publication of the annual Statement of Accounts. These regulations were amended due to Covid-19 under The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020. To comply with the Regulations the unaudited Statement of Accounts were approved by the Treasurer following consideration by the Closure of Accounts Committee and submitted to the External Auditors.
6. The Regulations, as amended, require the audited Statement of Accounts, including an updated Treasurer's Certificate, to be approved by the Authority on or before 30th November 2020. At the time of writing this report there has been a delay to the completion of the audit, for reasons explained later in this report, in relation to pension valuation.
7. The Regulations stipulate that the accounts must be prepared in accordance with "proper practices". The CIPFA "Code of Practice on Local Authority Accounting" is relied upon to describe proper practices. It is based on International Financial Reporting Standards. The Code requires that a great deal of financial information is produced including a comprehensive set of notes supporting the main financial statements, which are: a Comprehensive Income and Expenditure Statement, a Movement in Reserves Statement, a Balance Sheet, a Cash Flow Statement and a Firefighter Pension Fund Statement.
8. The Regulations also contain the requirements for the preparation and publication of the Annual Governance Statement (AGS). The AGS sets out how the Authority has reviewed the effectiveness of its system of internal controls and the assurance provided by the Governance Framework, as set out in Section 2 of the AGS. The inclusion of the AGS in the Statement of Accounts and approval by the Authority provides compliance with the Regulations.

Changes to the Statement of Accounts

9. Since the draft accounts were approved there have been several changes made both in terms of external issues and areas raised by External Audit. The revised version is attached in Appendix 1. The key changes are set out below:
 - a. As Members will be aware, following the Court of Appeal judgment in December 2018, the Government has been working to fix the discrimination identified in the policy of transitional protection that was part of the 2015

reforms to public service pension schemes. On 21st August the Home Office issued guidance to fire and rescue authorities (in England) on processing prospective ‘immediate detriment’ cases in advance of a decision on the Government’s final approach to removing the age discrimination as found in the McCloud/Sargeant Employment Tribunal litigation. This has led to the External Auditors requesting a revised actuarial calculation to be produced to reflect this change. As the amount of the pension liability is the largest figure within the accounts any change, even a small percentage, has a significant and material impact. The pension liability is a notional figure of the cost of paying pensions over the lifetime of both current pensioners and those in service who will draw a pension in due course.

The accounts have been updated for the above change which impacts all major primary statements and a number of notes to the accounts.

- b. As the impact of Covid-19 has brought into focus the issue of business continuity, an additional paragraph has been added to Note 1 in relation to the Fire Authority being a ‘going concern’.
 - c. Note 2 has been updated for the Leasing Reporting Standard together with the removal of the Critical Judgement section as the auditors felt this was unnecessary.
 - d. In a similar way, the auditors have reviewed Note 3 and all non-material items have been removed to help simplify the accounts.
 - e. Notes 25, 26 and 27 have had an additional paragraph added to each to enhance the understanding of what the amounts relate to and how they have been calculated.
10. Normally, the External Auditor would issue its final audit opinion, which would be available at the meeting when the Statements of Accounts was to be considered. However, this year, due to the lateness of changes to the Statement of Accounts (for reasons beyond the control of officers and the External Auditor) this opinion is not expected until later in October.

Outturn position and impact on Reserves

11. The changes described above that have been made to the Statement of Accounts do not affect the revenue outturn position and therefore do not impact on the level of Usable Reserves.

Letter of representation

12. Each year, the Authority is required to sign a Letter of Representation addressed to the Auditors. The Letter explains the Authority’s responsibilities in relation to the audit, and a copy is attached as Appendix 2 to this report. It is recommended that the Authority approves the letter and authorises the Chair to sign it. However, this should only take place after the finalised audit opinion has been received.

Financial Implications

13. This report deals with financial matters. Notwithstanding the significant changes to some of the figures in the Statement of Accounts, there are no direct budgetary implications as a result of the report.

Legal Implications

14. The approval and publication of the accounts is a legal requirement.

Equality and Diversity Implications

15. There are no equality and diversity implications arising from this report.

Environmental Implications

16. Copies of the accounts will be made available in electronic format, but the number of hard copies published will be kept to a minimum in recognition of the environmental impact.

**CONTACT: DONNA LINTON, GOVERNANCE AND CORPORATE PLANNING
MANAGER**

TEL [01606] 868804

BACKGROUND PAPERS: NONE

Cheshire Fire Authority

Statement of Accounts

2019/20

Version: Fire Authority meeting 7 October 2020



STATEMENT OF ACCOUNTS

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For further information please contact:
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 Cheshire CW7 2UA
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NARRATIVE REPORT

1. Introduction

- 1.1 Welcome to the 2019/20 Cheshire Fire Authority Statement of Accounts. Cheshire Fire Authority (“the Authority”) is the publicly accountable body which manages the Fire and Rescue Service on behalf of local communities. The Authority is responsible for providing an efficient and effective fire and rescue service which protects the communities and infrastructure of Cheshire. It is made up of 23 elected Members appointed by Cheshire East Borough Council; Cheshire West and Chester Borough Council; Halton Borough Council; and Warrington Borough Council.
- 1.2 The Authority is dedicated to providing the communities of Cheshire with a fire and rescue service that is committed to saving lives, changing lives and protecting lives to achieve its vision of a Cheshire where there are no deaths, injuries or damage from fires and other emergencies.
- 1.3 Cheshire Fire and Rescue Service is led by the Chief Fire Officer and Chief Executive (CFO) and the Service Management Team. The services operates from 28 fire stations across Cheshire, staffed in a number of different ways to reflect local risks and demands. The Service also operates three community safety centres; three fire protection offices; a joint headquarters with Cheshire Constabulary; an operational training centre; Safety Central - the safety and life skills centre in Lymm; and fleet workshops at the Sadler Road site in Winsford.
- 1.4 Core Values inspire and guide how teams behave. They set out a platform to guide our current and future activities and help achieve our organisational priorities. The previous Core Values were introduced ten years ago and a review has been undertaken to assess whether these values are still relevant and would stand the test of time for future aspirations of the Service.
- 1.5 Staff have been at the heart of the development of the new Core Values through conferences, staff engagement forum and the last staff survey. This was a vital part of the review as one of the main aims was to ensure the going forward the Core Values were relevant and we could identify with them both as a Service and individually.
- 1.6 As a result of the review, the new set of Core Values have been developed and approved by the Authority. They are:
 - **Be inclusive** – by acting fairly, with integrity, respect and without prejudice
 - **Do the right thing** – by holding each other to account for ensuring high standards of professionalism in everything we do
 - **Act with compassion** – by being understanding and offering help to each other and to our communities with warmth, patience and kindness
 - **Make a difference** – by making an impact in our organisation and in our communities in whatever ways we can, for as many people as we can

2. Financial Statements

- 2.1 Since 2016/17 the accounts include a note called 'The Expenditure and Funding Analysis' which is shown on page 17 before the main financial statements. This note shows how annual expenditure is used and funded from Government grants, council tax and business rates by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority's services and departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement on page 19.
- 2.2 The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Authority. This is analysed into 'usable reserves' (i.e. those that can currently be used to fund expenditure or reduce local taxation) and other 'unusable' reserves (technical accounting adjustment accounts reflecting the difference between the outcome of applying proper accounting practices and the statutory requirements for funding expenditure within the public sector). It shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. This Statement has a strong link to the Expenditure and Funding Analysis and Comprehensive Income and Expenditure Statement.
- 2.3 The Comprehensive Income and Expenditure 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. It essentially captures the inflow and outflow of resources for the financial year up to 31 March, which have been received or incurred as part of the ordinary activities of the Authority. A key figure is the (Surplus)/Deficit on Provision of Services for 2019/20 which shows a £10.2m deficit compared to a £30.8m deficit in 2018/19.
- 2.4 The Balance Sheet is a statement showing the Authority's assets and liabilities i.e. what is owned and what is owed as at 31 March. The net impact of this is funded by Reserves, which is the residual interest in the assets of the Authority after deducting all of the liabilities. The 'net worth' shows the net position for the Authority and is calculated by deducting total liabilities from total assets. This was £424m in 2019/20 compared to £495m in 2018/19.
- 2.5 The final primary statement is the Cashflow Statement. This shows the changes in cash and cash equivalents of the Authority during the financial year. The statement shows how the Authority generates and uses cash by classifying cash flows as operating, investing and financing activities. The amount of net cashflows 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 service delivery. Cashflows arising from financing activities are useful in predicting claims on future cashflows by providers of capital (i.e. borrowing) to the Authority.

- 2.6 During 2019/20, the Authority maintained an average cash balance of around £25m each month with fluctuations dependent on payroll and paying creditors versus when grants, precept, business rates and income is received. The main impact on these balances going forward is the funding of capital expenditure such as vehicles, equipment and IT as agreed by the Authority.

3. Financial Performance 2019/20

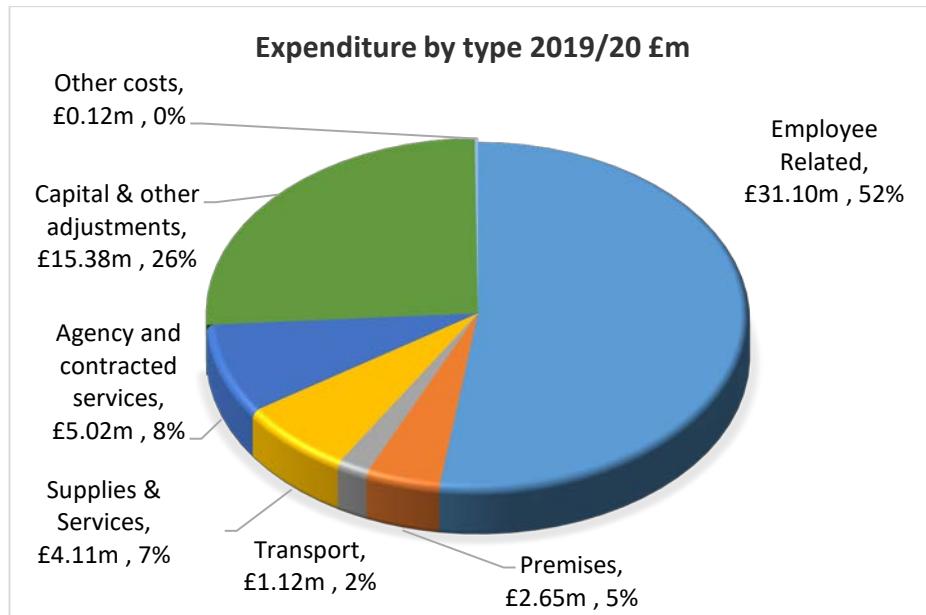
- 3.1 Where does the Fire Authority get its revenue funding from?

- 3.1.1. The Authority receives over half of its revenue funding from its share of the council tax (called the precept) which is collected by the four local authorities (Cheshire East; Cheshire West and Chester; Halton; and Warrington). The precept approved by the Authority for 2019/20 was increased by 2.99% (£77.74 compared to £75.48 in 2018/19 for a Band D property). In addition to the precept, the Authority receives its share of any surplus or deficits on the council tax collection funds. For 2019/20 this amounted to a surplus allocation (council tax only) of £0.2m (surplus allocation £0.3m in 2018/19).
- 3.1.2. The majority of the balance of revenue funding was received from Central Government and the four local authorities in the form of the Settlement Funding Assessment. This can be broken down into two elements – Revenue Support Grant and Baseline Funding Level. Revenue Support Grant is determined by Central Government and allocated based on a formula. Baseline Funding Level is the amount which Central Government determines should be receivable by the Authority for its share of business rates as collected by the four local authorities. However, the amount of business rates due is not sufficient to meet the Baseline Funding Level so Central Government also pays the Authority a 'top-up' grant to meet the shortfall.
- 3.1.3. The funding amounts for Cheshire Fire for 2019/20 were:

Fire Authority's Funding 2019/20	£000	£000	%
Council Tax		(29,084)	66.65
Council Tax – collection fund surplus		(218)	0.50
Revenue Support Grant	(3,927)		9.00
Business Rates	(4,395)		10.07
'Top-up' Grant	(5,138)		11.78
		(13,460)	
Business Rates – collection fund deficit		6	(0.01)
Business Rates – Section 31 Grant		(679)	1.56
Appropriation to Collection Fund		(64)	0.15
Adjustment Account		(129)	0.30
Total	(43,628)	100.00	

3.2 What does the Fire Authority spend its money on?

- 3.2.1. The majority of its expenditure relates to employee costs. The following chart shows a breakdown of what was actually spent by Cheshire Fire in 2019/20 by expenditure type.



- 3.2.2. On 13th February 2019 the Authority approved the 2019/20 revenue budget of £43.5m together with a capital programme of £17.5m. Budget monitoring reports have been presented to the Performance and Overview Committee on a quarterly basis focussing on the forecast outturn position and revisions to the overall budget in response to changes in-year.

- 3.2.3. At the end of the financial year the Authority's outturn was an underspend of £640k which has been transferred to the capital reserve. Details are shown in the table below.

Fire Authority's Service Area	2019/20 Budget £000	Actual £000	Reserve Funding £000	Revised Variance £000
Firefighting & Rescue Operations	27,364	28,052	317	1,005
Protection	1,942	1,897	22	(23)
Prevention	2,463	2,041	90	(332)
Support Services	9,672	9,181	385	(106)
Unitary Performance Groups	100	97	3	-
Finance resources	1,348	(998)	-	(2,346)
Contributions to/(from) provisions	-	120	-	120
Contributions to/(from) reserves	572	572	1,209	1,209
Funding	(43,461)	(43,628)	-	(167)
Surplus transferred to capital reserve at year end			640	640
Cheshire Fire Total	-	(2,666)	2,666	-

- 3.2.4. The main reasons for this underspend was reported during the year to performance and Overview committee and final report to the Authority at its meeting in July 2020. Reasons include higher pay costs, offset by additional pension grant; slippage in some one-off projects where funds have been transferred to reserves; business rates S31 grant being slightly higher than budget; as well as £32k from the National Non Domestic Rates (NNDR) levy account surplus distribution in March 2020.
- 3.2.5. The Authority holds a number of reserves in support of its transformational programmes and to support the delivery of the Integrated Risk Management Plans (IRMPs). These are explained in detail within these accounts in Note 19, on page 58.

3.3 Capital

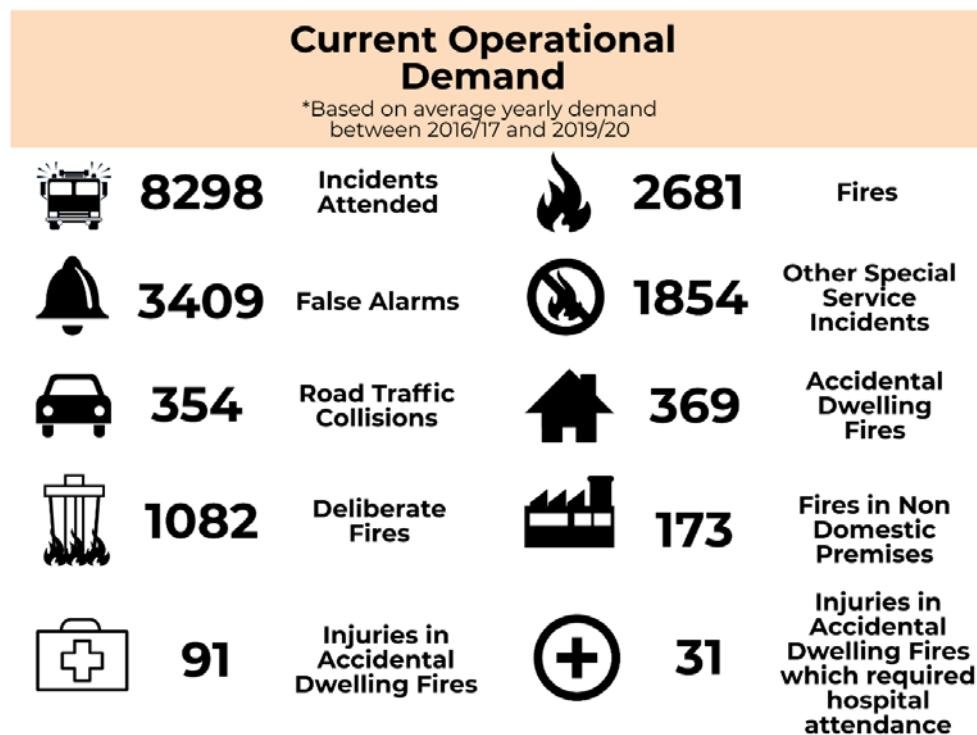
- 3.3.1. During 2019/20 the Fire Authority invested £12.8m on capital as follows:

Fire Authority's Capital Expenditure	2019/20 £000
Training Centre	7,357
Fire Station Builds & Modernisation Programme	3,876
Fire Houses	209
Fire Appliances	1,194
Other Vehicles	109
Equipment	99
Total	12,844

- 3.3.2. As well as the standard capital spending on fire appliances and equipment there are particular programmes underway, including the new immersive operational training centre under construction at Sadler Road in Winsford.
- 3.3.3. The multi-year programme of modernisation across the Service's property portfolio is also underway and work has commenced to replace the existing fire station at Chester, on the site on St Anne Street. Following a process of soft stripping the building over the festive period, the old Chester fire station was demolished in January 2020.
- 3.3.4. Following an extensive feasibility study, a decision was taken September 2019 to no longer pursue plans to build a joint fire and police station in Crewe. The Service, Fire Authority, Police & Crime Commissioner, and Cheshire Constabulary had explored opportunities for a joint police and fire base in Crewe – potentially at the existing site of the fire station off Macon Way. The feasibility work was successful in delivering an option that, in different circumstances, might have been capable of being pursued. Unfortunately, the extent, shape and layout of the site, coupled with the need to fit significant operational requirements on it, produced a solution that was complex and expensive. The Fire Authority and Commissioner concluded that this option was not value for money. The Service then moved to developing its plans for a new fire-only station on its existing site in Crewe.
- 3.3.5. During 2019/20 the modernisation works at Bollington and Tarporley fire stations were progressed as part of the extensive programme of modernisation to Cheshire's fire stations. These projects will ensure our fire stations and other buildings meet the needs and requirements of a modern fire and rescue service.

4. Non-financial Performance

- 4.1 The risks facing Cheshire Fire and Rescue Service are diverse. A summary of the recent operational demand is shown below.



4.2 Collaborative working

- 4.2.1. During 2019/20 the Service continues to strengthen its collaborative working with other emergency services and organisations and undertook a number of initiatives to the benefit of the community.
- 4.2.2. Cheshire Fire and Cheshire Police launched Fatal 5; a new campaign designed to increase awareness in the public that road users who commit one of the Fatal 5 offences are far more likely to be involved in a fatal collision than those who do not. Stopping any more deaths from occurring as a result of something unnecessary and totally avoidable is a top priority.



- 4.2.3. A joint blue light open day with Cheshire Constabulary was held in July 2019 where more than 6,000 people got an insight into the work of the emergency services and a chance for both emergency services to showcase the skilled and varied work they do.
- 4.2.4. Cheshire Fire, Police and local rugby league stars teamed up to learn about the work that both services do for the Warrington community. The players' visits were part of the club's 36-hour Christmas community challenge where the players competed against the clock to help numerous charity projects across Warrington in order to raise money for charity.
- 4.2.5. Cheshire Fire and Rescue Service tackled an ambitious project to recruit more women firefighters by partnering up with Warrington Wolves and Widnes Vikings Rugby league Clubs. The Authority is demonstrating through these partnerships their commitment to improving diversity in the Fire Authority's workforce.
- 4.2.6. The Co-op has installed a new realistic mock convenience store at Safety Central in Lymm. It will be used to teach thousands of schoolchildren, young people and community groups about a range of important safety and lifestyle issues, including healthy eating, food labelling, age restrictions on certain products and the impact and implications of shoplifting and anti-social behaviour. Older visitors also receive tips on how to keep their money, bank and credit cards and PIN numbers safe.



- 4.2.7. In partnership with Cheshire West and Chester Council, Cheshire Fire and Rescue Service have contributed £36,000 towards ensuring every flat in its tower blocks in Ellesmere Port are safer from fire with the installation of sprinklers.

4.3 Other achievements

- 4.3.1. In April 2019 Gus O'Rourke and Alex Waller were announced as the new Assistant Fire Chiefs for Cheshire Fire and Rescue Service.



- 4.3.2. Fifty firefighters from across the United Kingdom took part in the first ever Cheshire Firefighter Challenge. The competition involved a course of eight challenges focused on firefighting activities and tested competitors' strengths and abilities, both physically and mentally, and provided a day of entertainment for spectators.



- 4.3.3. Cheshire Fire and Rescue Service attended a total of 42 flooding related incidents in and around Poynton, Bollington and Wilmslow at the end of July 2019. During a period of extreme weather conditions, heavy rainfall caused localised flooding affecting parts of Cheshire.



- 4.3.4. In August 2019, crews attended a major fire at Beechmere Supported living complex in Crewe, evacuating around 150 people.



- 4.3.5. In January 2020, firefighters from across Cheshire spent several days tackling the fire at a 19th Century timber framed mansion house, near Tarporley.



- 4.3.6. Cheshire Fire Choir performed at the Last Post Ceremony under the Menin Gate at Ypres and in March, Wilmslow Fire station crew demonstrated safe ways of keeping fit and social distancing during the start of the Coronavirus pandemic.

5. Pension Liability

- 5.1 The Authority as a responsible employer encourages its employees to participate in a pension scheme. Firefighters have access to four schemes dependent upon when they joined. These are the 1992 Firefighter Pension Scheme; the 2006 Firefighter Pension Scheme; a modified version of the 2006 scheme; and the Firefighter Pension Scheme 2015. For non-firefighters, the Local Government Pension Scheme (LGPS) is available.
- 5.2 Under the International Accountings Standards (IAS19), the way in which pensions are reported within these accounts must reflect the full liability incurred for future pension costs in the year it is earned. Therefore, each year the value of the liability is calculated by the Authority's actuaries and is shown on the balance sheet as a long-term liability. The large pension liability shows what the Authority would owe if it had to pay all the pensions for all the existing and retired firefighters and staff in the pension schemes on 31 March. This would not happen as the actual payment of such pensions is made over many years and is funded by future contributions from firefighters and staff, together with Government funding.
- 5.3 The 2018/19 accounts recognised the potential past service cost impact of the national McCloud/Sargeant judgement in respect of unlawful age discrimination arising from the transitional pension provisions in the Fire Pension and LGPS. This is explained further in note 32 to these accounts. The judgement requires steps to be taken to compensate employees who were transferred to the new schemes potentially including Firefighter Pension Scheme members leading to an increase in Firefighter Pension Scheme liabilities.
- 5.4 The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgment will be measured through the pension valuation process which determines employer and employee contribution rates.
- 5.5 The next Firefighters Pension valuation is due to take place in 2020 with implementation of the results planned for 2023/24. The Authority will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process. The impact of an increase in annual pension payments arising from McCloud/Sargeant is determined through The Firefighters Pension Fund Regulations. These require

a fire authority to maintain a pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the Firefighter pension fund does not have enough funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the Authority in the form of a central government top-up grant.

6. North West Fire Control (NWFC)

- 6.1 NW Fire Control Limited is a company limited by guarantee which was incorporated in July 2007 and was established to operate a Regional Control Centre with the responsibility for Fire and Rescue Service mobilisation for the North West region.
- 6.2 During 2018/19 a further detailed assessment for Group Accounting requirements took place in respect of NWFC. This is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom based on International Financial Reporting Standards (IFRS 10, 11 & 12). It was determined that the company is governed by Joint Control due to the fact that unanimous consent exists for key decisions and that each Authority (including Cheshire) has equal voting rights. Based on materiality – i.e. would it significantly change any individual balance within the accounts, the requirement for Cheshire Fire Authority to show their share of the joint operation in their accounts became necessary. Further details can be found in the NWFC note on page 68.
- 6.3 These accounts include the Authority's 25% share of the results of North West Fire Control Limited, 2019/20 based on their unaudited accounts.

7. Future Developments and Plans

- 7.1 Fire and rescue services across the country are undergoing a significant period of change. The Government's fire reform agenda sets out a clear direction of travel and challenges for the sector to ensure services are effective, accountable, transparent and reflective of the diverse communities it serves. This is underpinned by a statutory inspection regime and a refreshed national framework that sets out the overall strategic direction for fire and rescue authorities, alongside certain expectations and requirements.
- 7.2 Cheshire Fire Authority's draft Integrated Risk Management Plan 2020-2024 (IRMP) was out for consultation between December 2019 and March 2020, the period was then extended slightly due to the coronavirus epidemic. This is due to be presented to the Fire Authority in July 2020. The IRMP sets out the risks facing the communities of Cheshire, how we will prevent and protect our communities from fire and other emergencies and our plans for providing emergency response.
- 7.3 Cheshire Fire Authority is required to have regard to the Fire and Rescue National Framework for England when carrying out its functions. The Framework sets out the Government's priorities and objectives for fire and rescue authorities in England. One such requirement of the Framework is to produce an IRMP. This four year plan will outline how the Authority will make Cheshire Fire and Rescue Service better able to meet the challenges and needs of modern societies, embracing new technology and recognising the changing risks within our communities. This has been developed through a comprehensive review of the whole service, using feedback from staff, representative bodies and previous consultations.

7.4 The draft IRMP outlines plans for the future, which include:

Prevention	<ul style="list-style-type: none"> • Extend Safe and Well home visits to focus interventions for a broader range of vulnerable people. • Work with public sector partners to create a strategic road safety plan that will have a real impact on reducing the number of people killed or seriously injured on our roads. • Develop targeted campaigns to raise awareness and protect our communities from the key causes of fire.
Protection	<ul style="list-style-type: none"> • Review our risk-based inspection programme. • Change our approach to how we manage heritage risks. • Launch a Service-wide campaign aimed at owners and occupiers of houses in multiple occupation. • Expand our 'Sprinklers Save Lives' campaign, promoting the use of sprinklers in business premises and high rise residential properties.
Response	<ul style="list-style-type: none"> • Replace Macclesfield aerial appliance with a Stinger or Scorpion vehicle. • Change the crewing system at Wilmslow Fire Station from nucleus to day crewing. • Move the second fire engine from Ellesmere Port to Powey Lane and move the current fire engine at Powey Lane back to Chester. • Provide Rapid Response Rescue Units on all primary on-call fire stations. • Review our water response provision, including potentially investing in a large water carrier which could be based at Ellesmere Port Fire Station. • Develop our wildfire capacity. • Review our specialist resources. • Review the need for new equipment to improve the effectiveness of our response.

8. Coronavirus (Covid-19) pandemic

- 8.1 The coronavirus pandemic has brought about an unprecedented public health emergency and the Authority's top priorities are to maintain the best service to the public, protect firefighters and staff and support the national response. During this major incident, the Authority are continuing to provide all the essential services you expect from them.
- 8.2 We have undertaken a huge amount of work in supporting our partner agencies to help our communities stay safe. This has included a wide range of activities to support both residents and our front-line colleagues, such as:
- Delivering prescription medicines to vulnerable residents.
 - Using our FireBikes to help transport vital blood and tissue samples.
 - Transporting food parcels to help those in need.
 - Supporting the mass distribution of personal protection equipment to health and care colleagues.
 - Helping our local authority partners identify extremely vulnerable people so that necessary support can be put in place.

- 8.3 The pandemic has also meant a significant change to how we operate as a service. We have introduced changes to many aspects of our day-to-day working practices to comply with social distancing and minimise the risk of infection to our staff, their families and the wider community. We have developed new ways to deliver some of our services, such as providing more telephone and online support for businesses through our Protection Department.
- 8.4 While the Authority has continued to serve the public throughout the pandemic, the financial impact has been limited at year end. Additional costs and reduction of income has fallen into 2020/21, following the Prime Minister's Pandemic related shutdown speech on 24th March 2020 and the introduction of lockdown rules. In terms of funding, the Government announced emergency local government funding for Covid-19 additional costs. Tranche 1 was announced on 20th March 2020 with Cheshire Fire and Rescue Service receiving £166,768 in 2019/20. Tranche 2 was announced on 18th April 2020 with Cheshire Fire and Rescue Service receiving £793,795 in 2020/21. The associated costs for PPE; equipment; additional staff cost; cleaning materials; and staff welfare have been incurred during 2020/21.
- 8.5 The Government paid the S31 grants up-front for 2020/21 to support cashflow. At the time of producing these accounts there were no indications that the council tax funding would not be received in full for 2020/21. However, it must be recognised that the collection funds for council tax and the Authority's share of these, are included in these accounts with both debtors and creditors based on data from the start of the pandemic (position as at 31st March 2020).
- 8.6 The collection funds for business rates and the Authority's 1% share of these, are also included in these accounts, again with both debtors and creditors based on data from the start of the pandemic. In the Budget delivered to Parliament on 11th March 2020, the Chancellor announced all businesses eligible for Small Business Rates Relief and Rural Rates Relief would receive a grant of £3,000 to help with the impact of Covid-19. Subsequently the scheme was expanded to include businesses in the retail, hospitality and leisure sectors and the amount of grant increased to £10,000 for businesses with a rateable value under £15,000 and to £25,000 for businesses with a rateable value between £15,000 and £51,000. As well as expanding the Business Rates Retail Discount to 100% for 2020/21, these measures will see less NDR income for the Fire Authority that will be offset by reimbursement from Central Government under S.31 grant.
- 8.7 For all of the collection funds, as 2020/21 progresses, these may materially change as the impact on the economy and its ability to recover is felt and any changes will be included in the 2021/22 budget report reflected as prior year deficit; or in extreme circumstances will be reported in year at the quarterly budget monitoring meetings if any of the collection authorities decide to change the amounts distributed during the year.
- 8.8 Due to the Covid-19 epidemic causing the delay in the closedown deadline for 2019/20 actual investment return figures were able to be used for the Hymans report for asset values of funded LGPS pension schemes, unlike previous years where some estimates were used for accounting purposes at the year end. So the IAS19 balance sheet for the LGPS is based on financial market values and future market expectation indicators as at 31 March 2020 to comply with the accounting standard. The financial markets at the accounting date will have taken into account Covid-19 risks (and opportunities) as one of many national and worldwide economic considerations. There has been no explicit additional allowance or adjustment made for Covid-19 by Hymans.

- 8.9 Further advice has been provided by the Actuary, looking at the period since 31st March 2020:
- There has been some recovery in investment markets (after significant falls in February and March due to Covid-19 uncertainties), however it is too early to tell whether these changes will be sustained or whether further setbacks may occur.
 - The key non-financial assumption made within the accounts is for life expectancy. However at this stage it is not possible to extrapolate the longer term impact of the higher death rate due to Covid-19 in 2020/21 on either future mortality or morbidity rates.
- 8.10 The Firefighters Pension Schemes are unfunded, which means there are no asset values to explicitly report. As such, no such approximations are made and there is no impact of the Covid-19 situation.
- 8.11 Covid-19 has slowed down progress on some of the capital projects due to impact on supplies and contractor's workforce as well as the need to socially distance on project sites, but as yet not actually put a stop to any.
- 8.12 A further area where the pandemic could impact is the valuation of assets. In terms of assets, the financial instruments held are highly liquid and cash based and therefore unlikely to be directly impacted. For land and buildings the valuer has taken into account the impact of the pandemic as stated in Note 10.

STATEMENT OF RESPONSIBILITIES

Responsibilities of Cheshire Fire Authority

Cheshire Fire Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In Cheshire Fire Authority that officer is the Treasurer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts

Statement from Cheshire Fire Authority

I hereby approve the Statement of Accounts for Cheshire Fire Authority for the year ended 31 March 2020.

Councillor _____
Cheshire Fire Authority
____ October 2020

Responsibilities of the Treasurer to the Cheshire Fire Authority

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

In preparing this Statement of Accounts, the Treasurer has ensured that:

- Suitable accounting policies have been selected and applied consistently;
- Judgements and estimates made were reasonable and prudent; and
- The Code of Practice was complied with.

The Treasurer has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Treasurer's Certificate

I certify that the Statement of Accounts present a true and fair view of the financial position of Cheshire Fire Authority at the reporting date and its income and expenditure for the year ended 31 March 2020 and that events after this date and prior to the formal approval of the Accounts have been properly considered.

Allan Rainford
Treasurer, Cheshire Fire Authority _____ October 2020

EXPENDITURE AND FUNDING ANALYSIS NOTE 2019/20

	As reported for Resource Management £000	Adjust for Earmarked Reserve Movements £000	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis (a) £000	Net Expenditure Comprehensive Income and Expenditure Statement £000
Firefighting and Rescue operations	28,369	(317)	28,052	(1,283)	26,769
Protection	1,919	(22)	1,897	(78)	1,819
Prevention	2,131	(91)	2,040	(141)	1,899
Support Services	9,564	(283)	9,281	(26)	9,255
UPGs	100	(3)	97	-	97
Corporate / Finance resources	3,241	10,469	13,710	(12,724)	986
Actuarial pension cost - McCloud Judgement	-	-	-	(1,800)	(1,800)
Net Cost of Services	45,324	9,753	55,077	(16,052)	39,025
Net cost of service - 25% share of NWFC	-	(2)	(2)	122	120
Other Income & Expenditure	(45,324)	(166)	(45,490)	16,483	(29,007)
Other Income & Expenditure -25% share of NWFC	-	-	-	28	28
(Surplus) or Deficit	-	9,585	9,585	581	10,166
Opening General Fund at 31 March 2019				(31,127)	
Less/Plus (Surplus) Deficit on General Fund in Year	Fire	9,587			
	NWFC (25%)	(2)			
			9,585		
Closing General Fund at 31 March 2020				(21,542)	

(a) See Note 5, for further details on the adjustments between funding and accounting basis.

This analysis is not a Primary Financial Statement and forms part of the Notes to the Accounts.

EXPENDITURE AND FUNDING ANALYSIS NOTE 2018/19

	As reported for Resource Management £000	Adjust for Earmarked Reserve Movements £000	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis (a) £000	Net Expenditure Comprehensive Income and Expenditure Statement £000
Firefighting and Rescue operations	23,639	906	24,545	(2,874)	21,671
Protection	1,655	6	1,661	(169)	1,492
Prevention	2,244	(24)	2,220	(261)	1,959
Support Services	8,671	190	8,861	(50)	8,811
UPGs	130	-	130	-	130
Corporate / Finance resources	6,026	(4,313)	1,713	(465)	1,248
Actuarial pension cost - McCloud Judgement	-	-	-	22,610	22,610
Net Cost of Services	42,365	(3,235)	39,130	18,791	57,921
Net cost of service - 25% share of NWFC			(198)	279	81
Other Income & Expenditure	(42,365)	-	(42,365)	15,170	(27,195)
Other Income & Expenditure -25% share of NWFC			194	(170)	24
(Surplus) or Deficit	-	(3,235)	(3,239)	34,070	30,831
Opening General Fund at 31 March 2018			(27,888)		
Less/Plus (Surplus) Deficit on General Fund in Year	Fire NWFC (25%)	(3,235) (4)		(3,239)	
Closing General Fund at 31 March 2019				(31,127)	

(a) See Note 5, for further details on the adjustments between funding and accounting basis.

This analysis is not a Primary Financial Statement and forms part of the Notes to the Accounts.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2018/19				2019/20			
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
21,826	(156)	21,670	Firefighting and Rescue operations			26,926	(157)	26,769
1,519	(27)	1,492	Protection			1,848	(29)	1,819
2,559	(600)	1,959	Prevention			2,585	(686)	1,899
9,689	(878)	8,811	Support Services			10,109	(854)	9,255
130	-	130	UPGs			98	(1)	97
1,248	-	1,248	Corporate / Finance resources			986	-	986
22,610	-	22,610	Actuarial pension cost - McCloud Judgement			(1,800)	-	(1,800)
59,581	(1,661)	57,920	Cheshire Fire Authority - Cost of Services			40,752	(1,727)	39,025
729	(648)	81	North West Fire Control – Cost of Services (25%)			831	(711)	120
Other operating expenditure:								
46	(70)	(24)	(Gains)/losses on the disposal of non-current assets			2,719	-	2,719
15,558	(216)	15,342	Financing & investment income & expenditure	9		14,260	(244)	14,016
-	(42,489)	(42,489)	Taxation & non-specific grant income & expenditure	9		-	(45,714)	(45,714)
1	-	1	Taxation (NWFC 25%)	9		-	-	-
75,915	(45,084)	30,831	(Surplus)/Deficit on Provision of Services			58,562	(48,396)	10,166
	(8,258)		Surplus or deficit on revaluation of property, plant & equipment assets	10				(3,820)
	(4,669)		Remeasurement of the net defined benefit liability/(asset)	32				(77,283)
	(12,927)		Other comprehensive income & expenditure					(81,103)
	17,904		Total Comprehensive Income & Expenditure					(70,937)

MOVEMENT IN RESERVES STATEMENT 2019/20

	General Fund	Resource Centre Mgs	Community Risk Reduction	UPGs	Capital Reserve	Total General Fund	Capital Grant Unapplied	(Usable) Capital Receipts	Total Usable Reserves	Pensions Reserve	Revaluation Reserve	Collection Fund Adjustment	Accumulated Absences	Capital Adjustment Account	Total Unusable Reserves	Total All Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2019	(2,286)	(13,538)	(330)	(117)	(14,856)	(31,127)	-	(100)	(31,227)	591,752	(26,944)	(414)	547	(38,968)	525,973	494,746
Surplus/Deficit on provision of services	10,166	-	-	-	-	10,166	-	-	10,166	-	-	-	-	-	-	10,166
Other Comprehensive income and expenditure	-	-	-	-	-	-	-	-	-	(77,283)	(3,820)	-	-	-	(81,103)	(81,103)
Total Comprehensive Income & Expenditure	10,166	-	-	-	-	10,166	-	-	10,166	(77,283)	(3,820)	-	-	-	(81,103)	(70,937)
Adjustments between accounting basis & funding basis under regulations:																
Depreciation etc.	(3,127)	-	-	-	-	(3,127)	-	-	(3,127)	-	2,751	-	-	376	3,127	-
Gain/loss on disposal	(2,738)	-	-	-	-	(2,738)	-	-	(2,738)	-	-	-	-	2,738	2,738	-
Revaluation gain/loss	329	-	-	-	-	329	-	-	329	-	-	-	-	(329)	(329)	-
Pension costs	(8,118)	-	-	-	-	(8,118)	-	-	(8,118)	8,118	-	-	-	-	8,118	-
Capital expenditure charged to revenue	12,724	-	-	-	-	12,724	-	-	12,724	-	-	-	-	(12,724)	(12,724)	-
Cash sale proceeds	19	-	-	-	-	19	-	(19)	-	-	-	-	-	-	-	-
Use of capital receipts	-	-	-	-	-	-	-	119	119	-	-	-	-	(119)	(119)	-
Use of capital grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collection Fund	(64)	-	-	-	-	(64)	-	-	(64)	-	64	-	-	-	64	-
Accumulated Absences	(52)	-	-	-	-	(52)	-	-	(52)	-	-	-	52	-	52	-
Statutory provision for the repayment of debt (MRP)	446	-	-	-	-	446	-	-	446	-	-	-	-	(446)	(446)	-
Net increase/decrease before earmarked reserve transfers	9,585	-	-	-	-	9,585	-	100	9,685	(69,165)	(1,069)	64	52	(10,504)	(80,622)	(70,937)
Transfers to/from earmarked reserves	(9,587)	(985)	(15)	(3)	10,590	-	-	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in year	(2)	(985)	(15)	(3)	10,590	9,585	-	100	9,685	(69,165)	(1,069)	64	52	(10,504)	(80,622)	(70,937)
Balances at 31 March 2020	(2,288)	(14,523)	(345)	(120)	(4,266)	(21,542)	-	-	(21,542)	522,587	(28,013)	(350)	599	(49,472)	445,351	423,809

MOVEMENT IN RESERVES STATEMENT 2018/19

	General Fund	Resource Centre Mgs	Community Risk Reduction	UPGs	Capital Reserve	Total General Fund	Capital Grant Unapplied	(Usable) Capital Receipts	Total Usable Reserves	Pensions Reserve	Revaluation Reserve	Collection Fund Adjustment	Accumulated Absences	Capital Adjustment Account	Total Unusable Reserves	Total All Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2018	(8,281)	(15,849)	(475)	(367)	(2,916)	(27,888)	-	(403)	(28,291)	563,828	(19,208)	(637)	512	(39,362)	505,133	476,842
Surplus/Deficit on provision of services	30,831	-	-	-	-	30,831	-	-	30,831	-	-	-	-	-	-	30,831
Other Comprehensive income and expenditure	-	-	-	-	-	-	-	-	-	(4,669)	(8,258)	-	-	-	(12,927)	(12,927)
Total Comprehensive Income & Expenditure	30,831	-	-	-	-	30,831	-	-	30,831	(4,669)	(8,258)	-	-	-	(12,927)	17,904
Adjustments between accounting basis & funding basis under regulations:																
Depreciation etc.	(2,912)	-	-	-	-	(2,912)	-	-	(2,912)	-	522	-	-	2,390	2,912	-
Gain/loss on disposal	(150)	-	-	-	-	(150)	-	-	(150)	-	-	-	-	150	150	-
Regulation gain/loss	725	-	-	-	-	725	-	-	725	-	-	-	-	(725)	(725)	-
Pension costs	(32,593)	-	-	-	-	(32,593)	-	-	(32,593)	32,593	-	-	-	-	32,593	-
Capital expenditure charged to revenue	466	-	-	-	-	466	-	-	466	-	-	-	-	(466)	(466)	-
Cash sale proceeds	174	-	-	-	-	174	-	(174)	-	-	-	-	-	-	-	-
Use of capital receipts	-	-	-	-	-	-	-	477	477	-	-	-	-	(477)	(477)	-
Use of capital grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Collection Fund	(223)	-	-	-	-	(223)	-	-	(223)	-	-	223	-	-	223	-
Accumulated Absences	(35)	-	-	-	-	(35)	-	-	(35)	-	-	-	35	-	35	-
Statutory provision for the repayment of debt (MRP)	478	-	-	-	-	478	-	-	478	-	-	-	-	(478)	(478)	-
Net increase/decrease before earmarked reserve transfers	(3,239)	-	-	-	-	(3,239)	-	303	(2,936)	27,924	(7,736)	223	35	394	20,840	17,904
Transfers to/from earmarked reserves	9,234	2,311	145	250	(11,940)	-	-	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in year	5,995	2,311	145	250	(11,940)	(3,239)	-	303	(2,936)	27,924	(7,736)	223	35	394	20,840	17,904
Balances at 31 March 2019	(2,286)	(13,538)	(330)	(117)	(14,856)	(31,127)	-	(100)	(31,227)	591,752	(26,944)	(414)	547	(38,968)	525,973	494,746

BALANCE SHEET

31 Mar 2019 £000		31 Mar 2020 £000	
Note			
65,590	Land and Buildings	10	66,211
6,199	Vehicles and Equipment	10	6,932
1,309	Assets under Construction	10	10,190
305	Intangible Assets	11	417
73,403	Total Long-term Assets		83,750
20,051	Short-term investments	12	13,013
521	Inventories	14	723
3,944	Short-term debtors	15	4,820
3,337	Amount due from pension fund	Pension Fund	1,904
-	Assets held for sale	13	875
5,414	Cash and Cash Equivalents	16	6,322
33,267	Total Current Assets		27,657
106,670	Total Assets		111,407
(880)	Short-term Borrowing	12	-
(6,988)	Short-term Creditors	17	(10,765)
(772)	Provisions	18	(853)
(8,640)	Total Current Liabilities		(11,618)
98,030	Total Assets less Current Liabilities		99,789
(1,012)	Long-term borrowing	12	(1,012)
(13)	Deferred liabilities	31	-
(591,751)	Net Pension Liability (IAS 19)	32	(522,586)
(592,776)	Total Long-term Liabilities		(523,598)
(494,746)	Net Assets / (Liabilities)		(423,809)
(31,227)	Usable reserves	19	(21,542)
525,973	Unusable reserves	20	445,351
494,746	Total Reserves		423,809

CASH FLOW STATEMENT

2018/19 £000		Note	2019/20 £000
30,831	Net (surplus)/deficit on the provision of services	CI&E	10,166
(33,602)	Adjustment to the net (surplus)/deficit on the provision of services for non-cash movements	21	(15,285)
162	Adjustment to for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities	21	6
(2,609)	Net cash flows from Operating Activities		(5,113)
4,575	Investing Activities	21	3,312
23	Financing Activities	21	893
1,989	Net (increase)/decrease in cash and cash equivalents		(908)
7,403	Cash and Cash Equivalents at the beginning of the reporting period	16	5,414
5,414	Cash and Cash Equivalents at the end of the reporting period	16	6,322
1,989	Net (increase)/decrease in cash and cash equivalents		(908)

FIREFIGHTER PENSION FUND

	2018/19 £000	2019/20 £000
Contributions receivable		
Fire Authority contributions:		
1992 Firefighter Pension Scheme	(498)	(468)
2006 Firefighter Pension Scheme ¹	(88)	(136)
2015 Firefighter Pension Scheme	<u>(1,769)</u>	<u>(4,177)</u>
	(2,355)	(4,781)
- Pension abatement costs		(25)
Actuarial charges for early and ill health retirements	(83)	(61)
	<u>(2,438)</u>	<u>(4,867)</u>
Firefighters' contributions:		
1992 Firefighter Pension Scheme	(321)	(192)
2006 Firefighter Pension Scheme ¹	(100)	(87)
2015 Firefighter Pension Scheme	<u>(1,580)</u>	<u>(1,851)</u>
	(2,001)	(2,130)
(95) Transfers in from other pension funds		(123)
	<u>(4,534)</u>	<u>(7,120)</u>
Benefits payable		
Pensions	13,190	13,678
Commutation of pensions and lump sum retirement benefits	3,425	2,107
Lump sum death benefits	22	-
	<u>16,637</u>	<u>15,785</u>
- Transfers out to other schemes		164
1 Administrative expenses		-
	<u>16,638</u>	<u>15,949</u>
(Surplus)/Deficit for the year before 'Top-up' Government grant	12,104	8,829
'Top-up' Government grant	<u>(12,104)</u>	<u>(8,829)</u>
- Net amount for the year		-
NET ASSETS STATEMENT		
31 Mar 19		31 Mar 20
£000		£000
Current Assets		
3,361 'Top-up' Government grant		1,920
3 Employee arrears		-
Current Liabilities		
- Contributions received in advance		-
(27) Benefits outstanding		(16)
(3,337) Amount due to General Fund		<u>(1,904)</u>
- Net Assets		-

Note ¹ - these rows include the Modified Firefighter Pension Scheme
For further details please see note 32 on page 71

NOTES TO THE ACCOUNTS

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NOTES TO THE ACCOUNTS

1. Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Authority's transactions for the 2019/20 financial year and its position at the year end of 31 March 2020. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations (England) 2015 which state that accounts need 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 2019/20, supported by International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

These financial statements have been prepared under the historical cost convention, modified by the revaluation of certain categories of non-current assets and where material, financial instruments as determined by the relevant accounting standard.

In addition, this Statement of Accounts assumes the Fire Authority will continue in operational existence for the foreseeable future under the 'Going Concern' concept as a statutory body under legislation.

1.2 Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods are transferred to the service recipient in accordance with the performance obligations in the contract.
- 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.

Exceptions to this principle are immaterial items of income and expenditure such as cash income and some small elements of employee pay, which are recorded on a receipts and payments basis rather than being apportioned between financial years.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in one month 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.

1.4 Exceptional Items

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

1.5 Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors

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

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

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

Items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature and/or size of the omission or misstatement judged in the surrounding circumstances.

1.6 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;
- Amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. 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. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance [Minimum Revenue Provision (MRP)], by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.7 Council Tax and Non-domestic Rates

The four local authorities within Cheshire act as agents, collecting council tax and non-domestic rates on behalf of the major preceptors – including the Fire Authority. The authorities are required by statute to maintain a separate fund (called the Collection Fund) for the collection and distribution of amounts due in respect of council tax and non-domestic rates. Under the legislative framework for the Collection Fund, the local authorities, preceptors (including the Fire Authority) and central Government share proportionately the risks and rewards should the amount collected be more or less than predicted.

The council tax income included in the Comprehensive Income and Expenditure Statement (CIES) is the Authority's share of the accrued income for the year. However, regulations determine the amount of council tax 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 (an unusable reserve) and included as a reconciling item in the Movement of Reserves Statement.

The Balance Sheet includes the Authority's share of the end of year balances held by the four local authorities in respect of council tax and non-domestic rates. It takes into account arrears, impairment allowances for doubtful debts, overpayments and prepayments together with appeals.

Where debtor balances for the above are identified as impaired because of likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

1.8 Employee Benefits

1.8.1. Benefits Payable during Employment

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

1.8.2. Termination Benefits

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

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.

1.8.3. Post-Employment Benefits

Employees of the Authority are entitled to be members of the following pension schemes:

- The Local Government Pension Scheme, administered by Cheshire West and Chester Council
- The Firefighter Pension Scheme (1992)
- The New Firefighter Pension Scheme (2006)
- The New Firefighter Pension Scheme (2006) (Modified)
- The Firefighter Pension Scheme (2015)

These schemes provide defined benefits to members (retirement lump sums and pensions) earned as employees work for the Authority.

The Local Government Pension Scheme for non-uniformed staff

All non-uniformed staff, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme, which is administered by Cheshire Pension Fund. The scheme, which is a funded, defined benefit statutory scheme, is administered by Cheshire West and Chester Council in accordance with the Public Service Pensions Act 2013 and applicable Local Government Pension Scheme Regulations.

In 2019/20 the Authority paid an employer's primary rate contribution of 18.3% of employees' pensionable pay into the Cheshire Pension Fund. All pension payments to eligible staff are met from this fund. The attributable assets of the scheme are measured at fair value. Assets are valued at bid value.

Employer contribution rates are reviewed every three years. With the latest review undertaken in March 2019, which will impact from 2020/21. Contributions are set at a level intended to balance pension liabilities with the Authority's share of the Fund's investment assets.

The liabilities of the Local Government Pension Scheme attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method - an assessment of the future payments which 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 earnings by current employees.

Liabilities are discounted to their value at current prices, using a discount rate, based on a "Hymans Robertson" corporate bond yield curve based on the constituents of the iBoxx AA corporate bond index.

The Firefighter Pension Schemes for uniformed staff

These are unfunded schemes, meaning that there are no investment assets built up to meet their liabilities. These liabilities now reside in a local pensions fund into which pension contributions are made and from which pensions are paid. An original scheme commenced in 1992. An additional scheme commenced in 2006 and a further Modified version of this scheme commenced in 2014. A further scheme commenced in 2015; the new Regulations (The Firefighter Pension Scheme (England) Regulations 2014) states that all current active members will move into the new scheme from 1 April 2015 unless they qualify for protections that allow them to remain in their current scheme. All four schemes are administered through one fund. In 2019/20 the Authority paid an employer's contribution of 37.3% of employees' pensionable pay into the fund in respect of the 1992 and 2006 Modified Schemes, 27.4% in respect of the 2006 scheme and 28.8% in respect of the 2015 scheme. The balance on the local pensions account is funded by Government grant.

Firefighter Injury Scheme

Under the Firefighter Compensation Scheme (England) Order 2006, a firefighter receives an injury award where they have retired and are permanently disabled because of an injury received in the execution of their duty. Under IAS19 the Authority is required to account for contingent future injury benefits. The liability is based on an estimate of future benefits earned by members, and movements in this liability are treated in the same way as for the Firefighter Pension Schemes.

The impact of these four pension schemes and the Firefighter Injury Scheme is identified in the revenue account and balance sheet.

The change in net pension's liability is analysed into the following components:

a) 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 as part of Non Distributed Costs.

- 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 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.
- b) 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.
- c) Contributions paid to the pension funds
- Cash paid as employer's contributions to the pension funds 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 transfers 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.

1.9 Events after the Reporting Period

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 event can be identified:

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

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

1.10 Financial Instruments

Financial Liabilities

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

The Authority's borrowings presented in the Balance Sheet is the outstanding principal repayable (plus any accrued interest). Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

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 over future years. The Authority has a policy of charging the full effect of premiums and discounts to the Comprehensive Income and Expenditure Statement in the year in which they are incurred.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. These three main classes of financial assets are measured at:

- Amortised cost;
- Fair value through profit or loss (FVPL); and
- Fair value through other comprehensive income (FVCOI).

The Authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified at amortised cost.

Financial assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument. They are initially measured at fair value and subsequently at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For any loan that the Authority makes, 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.

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.

Expected credit loss model

The authority recognises expected credit losses on all of its financial assets held at amortised at cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12 month expected losses.

Fair value through Profit or Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Authority becomes a party to a contractual provision of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis

For measuring assets and liabilities at fair value, the authority categorises the inputs to valuation techniques into 3 values 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

1.11 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 contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as Creditors. Where 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.

1.12 Heritage Assets

Heritage assets are defined as tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

The Authority does not consider that any of its assets fall into the definition of a Heritage Asset.

1.13 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. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore 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 with charges commencing in the year of acquisition. 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. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore posted out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.14 Interests in Companies and Other Entities (Group Accounts)

The Authority has an interest in NW Fire Control Ltd. Cheshire Fire Authority's 25% share is shown in the accounts. This is in accordance with the Code of Practice on Local Authority

Accounting in the United Kingdom based on International Financial Reporting Standards (IFRS 10, 11 & 12). See note 28 for more details.

During 2015/16 a company limited by guarantee, Safer Cheshire Limited, was established. There was no business activity in 2019/20. The company accounts consists of the donation of £5,000 from the Authority to the company in 2016/17 in respect of initial working capital.

1.15 Inventories and Long Term Contracts

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

The Authority has no long term contracts.

1.16 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.

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 and;
- 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 benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (if, for example, there is a rent-free period at the beginning of the lease).

1.17 Overheads and Support Services

The cost of overheads and support services are charged to the service segments in accordance with the Authority's arrangements for accountability and financial performance.

1.18 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 (PPE).

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense as it is incurred. The Authority does not treat any expenditure under £10,000 as capital expenditure.

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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it was located.

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

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

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

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

- Infrastructure, community assets and assets under construction - depreciated historical cost.
- Surplus assets – fair value.
- All other assets - current value, determined as the amount that would be paid for the asset in its existing use.

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 and/or low values, depreciated historical cost basis is used as a proxy for current 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. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

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

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

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 by:

- 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 subsequently reversed, 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 the depreciation that would have been charged had the loss 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 commencing in the year of acquisition. An exception is made for assets without a determinable useful life (e.g. freehold land) 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. Useful lives for all firefighter dwellings and other buildings are 25 years.
- Vehicles, plant and equipment - straight-line allocation over the asset's useful life: appliances 13 to 20 years, and other vehicles and equipment 5 to 15 years, as advised in each case by a suitably qualified officer.

Where an item of Property, Plant and Equipment 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.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that an asset will be sold it is reclassified as an Asset held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets held for Sale.

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

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

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

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

All assets with a net present value of £nil (i.e. fully depreciated) will be reviewed annually and any unsubstantiated assets will be recorded as 'disposed of or scrapped'.

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.

Componentisation

The Authority is required under International Financial Reporting Standards to recognise the individual components of its non-current assets and depreciate them separately where necessary. The Authority can also apply a de minimis level below which assets are not considered to be material, and has set this level at £2m or approximately 5% of the total carrying value of assets in the Balance Sheet.

The Authority will take components to be significant if they represent at least 20% of the total cost of the asset. However, components only need to be recognised when they have different useful lives and/or depreciation methods.

1.19 Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

Where some or all of the payment required to settle a provision is expected to be recovered from another party (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.

Provisions for business efficiency exit packages are charged to the appropriate service line in the Comprehensive Income and Expenditure, in the year that the Authority is committed to the new structure.

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.

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.

1.20 Reserves

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

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

1.21 VAT

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

2. Accounting Standards that have been issued but have not yet been adopted

The Code of Practice for Local Authority Accounting in the UK (the Code) requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. The Code requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted for the relevant financial year. The additional disclosures that will be required in the 2019/20 and 2020/21 financial statements in respect of accounting changes that are introduced in the 2020/21 Code are:

- Annual Improvements to IFRS Standards 2015–2017 Cycle
- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement

The above changes have no impact on these accounts but will be reviewed during 2020/21 and any amendments required will be clearly shown in the 2020/21 Statement of Accounts.

IFRS 16 - Accounting treatment of Leases - The aim of the standard is to provide increased visibility of lease commitments and to ensure more consistent financial reporting of leased assets. The current distinction between assets held under finance leases which go on the balance sheet and assets held under operating leases which are expensed in the CIES will largely be removed with most leases now being classified as finance leases and put on the balance sheet. The standard was originally due to be implemented on 1 April 2020 i.e. for the 2020/21 Accounts but this has now been postponed for one year so will come into effect for the 2021/22 Accounts. Under the new standard a right-of-use asset and lease liability will be recognised on the balance sheet. The depreciation of leased assets and interest on lease liabilities will go through the CIES. The process of collating information on leased assets is well underway. These are accounting changes and have no impact on the cost of leasing to the organisation.

3. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustments in the forthcoming finance year are set out below.

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment (see Note 10)	Following RICS advice, due to global economic uncertainty caused by the Covid 19 pandemic, the Valuer has provided 2019/20 valuations on the basis of 'material valuation uncertainty'.	Each 5% change in the value of Land & Buildings assets would have an impact of £3.3m on their Net Book Value at 31st March 2020.

Item	Uncertainties	Effect if actual results differ from assumptions
Pension Liability (see Note 32)	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement age, mortality rates and expected returns on pension fund assets.</p> <p>A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied for firefighter pensions and Cheshire West & Chester Council provide information on the Local Government Pension Scheme.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. Sensitivity analyses in respect of the Firefighter and Local Government Pension schemes are shown on next page and Note 32, together with the monetary value that would result if they came to fruition.</p>

The sensitivities regarding the principal assumptions used to measure the pension scheme liabilities are shown in Note 32.

4. Events after the Balance Sheet date

The Statement of Accounts was authorised for issue by the Treasurer on the 7th October 2020. Events taking place after this date are not reflected within the financial statements or notes.

Where events taking place prior to this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respect to reflect the impact of this information. No such events are known to have taken place.

5. Supporting information for the Expenditure and Funding Analysis note

Adjustments from General Fund (GF) to arrive at the Comprehensive Income & Expenditure Statement	Adjustments for Capital Purposes ¹	Net Change for the Pensions Adjustments	Other Differences ²	Total Adjustments 2019/20
2019/20	£000	£000	£000	£000
Firefighting & rescue operations	2,351	(3,678)	44	(1,283)
Protection	143	(225)	3	(79)
Prevention	259	(405)	5	(141)
Support Services	44	(70)	-	(26)
UPGs	-	-	-	-
Corporate/Finance Resources	(12,724)	-	-	(12,724)
Actuarial pension cost - McCloud Judgement	-	(1,800)	-	(1,800)
Net cost of services	(9,927)	(6,178)	52	(16,053)
NWFC 25%	-	122	-	122
Other income & expenditure from the funding analysis	2,273	14,146	64	16,483
NWFC 25%	-	28	-	28
Difference between GF surplus/deficit and CIES surplus/ deficit	(7,654)	8,118	116	580

Note ¹ – in general this column contains depreciation, impairment and revaluation gains and losses. It also adjusts for profit/loss on asset disposals and capital grants. There are two items, minimum revenue provision and capital expenditure which are not chargeable under generally accepted accounting practices.

Note ² – these include the timing differences relating to the cost of outstanding employee leave and variations in the amount chargeable for business rates and council tax under statute and the Code of Practice.

Adjustments from General Fund (GF) to arrive at the Comprehensive Income & Expenditure Statement	Adjustments for Capital Purposes ¹	Net Change for the Pensions Adjustments	Other Differences ²	Total Adjustments 2018/19
2018/19	£000	£000	£000	£000
Firefighting & rescue operations	1,873	(4,777)	30	(2,874)
Protection	111	(282)	2	(169)
Prevention	170	(434)	3	(261)
Support Services	32	(83)	1	(50)
UPGs	-	-	-	-
Corporate/Finance Resources	(465)	-	-	(465)
Actuarial pension cost - McCloud Judgement	-	22,610	-	22,610
Net cost of services	1,721	17,034	36	18,791
NWFC 25%	-	279	-	279
Other income & expenditure from the funding analysis	(502)	15,449	223	15,170
NWFC 25%	-	(170)	-	(170)
Difference between GF surplus/deficit and CIES surplus/ deficit	1,219	32,592	259	34,070

6. Expenditure and Income analysed by nature

	2018/19 £000	2019/20 £000
Expenditure:		
26,578	Employee pay	30,104
577	Other Employee expenses	612
386	Pensions	386
2,423	Premises	2,651
1,088	Transport	1,117
4,261	Supplies, Services & other expenses	4,110
4,902	Agency & Contracted Services	5,019
32,483	Net change for the Pension adjustments	7,968
2,331	Capital Charges & Finance Resources	5,616
132	Members' Allowances	128
2	Provisions	(9)
75,163	Total Expenditure	57,702
752	25% NWFC expenditure	859
75,915	Total Financial reporting entity Expenditure	58,561
Income:		
(1,594)	Fees & Other Service Income	(1,531)
(21)	Sales	(31)
(216)	Interest	(244)
(42,605)	Government Grants & local taxation	(45,878)
(44,436)	Total Income	(47,684)
(648)	25% NWFC income	(711)
(45,084)	Total Financial reporting entity Income	(48,395)
30,831	Net (surplus)/deficit provisions of services	10,166

7. Adjustment between Accounting Basis and Funding Basis under regulations

Please refer to the Movement in Reserves Statement for details on the adjustments that are made to the total Comprehensive Income and Expenditure Statement. The adjustments reflect items recognised by the Authority in year in accordance with proper accounting practice and are further analysed in the Expenditure and Funding Analysis on page 17.

8. Movement in Earmarked Reserves

For details on all earmarked reserves and any in-year movement, please refer to Note 19.

9. Notes to the Comprehensive Income and Expenditure Statement

Within the Comprehensive Income and Expenditure Statements there are three summary lines which are explained in more detail within the next two tables.

Financing and Investment Income and Expenditure	2019/20	2018/19
	£000	£000
Interest and Investment Income	(244)	(216)
Interest Payable and Similar Charges	86	86
Pension Net Interest	14,174	15,471
Total	14,016	15,342

Taxation and Non-Specific Grant Income	2019/20	2018/19
	£000	£000
Council Tax Income	(29,302)	(28,037)
Non-domestic Rates/Business Rates Retention Scheme	(9,527)	(9,424)
Non-specific Government Grants	(6,885)	(5,028)
Capital Grants and Contributions	-	-
	(45,714)	(42,489)
NWFC – taxation (25%)	-	1
Total	(45,714)	(42,488)

Note that council tax and non-domestic rates income has been adjusted to reflect the surpluses and deficits on Collection Fund accounts, as reflected in the Movement in Reserves Statement.

10. Property, Plant and Equipment

The following table shows the movement of assets classified as property, plant and equipment including work in progress (WIP).

2019/20	Cheshire Fire Authority						NWFC (25%)		Financial reporting entity
	Land & Buildings	Vehicles	Plant & Equipment	Assets Under construction	CFA Total	Fixtures & Fittings	Computer equipment	NWFC Total	
<u>Cost or Valuation</u>									
At 1 April 2019	£65,590	13,487	3,942	1,309	84,328	62	157	219	84,547
Additions	2,258	1,302	100	9,184	12,844	-	-	-	12,844
Revaluations: charged to reserve	1,737	-	-	-	1,737	-	-	-	1,737
Revaluations: charged to CIES	219	-	-	-	219	-	-	-	219
Disposals	(2,718)	(524)	(245)	-	(3,487)	-	-	-	(3,487)
Reclassifications (a)	(875)	303	-	(303)	(875)	-	-	-	(875)
At 31 March 2020	66,211	14,568	3,797	10,190	94,766	62	157	219	94,985
<u>Depreciation</u>									
At 1 April 2019	-	(8,149)	(3,133)	-	(11,282)	(43)	(124)	(167)	(11,449)
Charge in year	(2,193)	(797)	(141)	-	(3,131)	(7)	(7)	(14)	(3,145)
Written out to reserve	2,083	-	-	-	2,083	-	-	-	2,083
Written out to CIES	110	-	-	-	110	-	-	-	110
Disposals	-	504	245	-	749	-	-	-	749
Reclassifications	-	-	-	-	-	-	-	-	-
At 31 March 2020	-	(8,442)	(3,029)	-	(11,471)	(50)	(131)	(181)	(11,652)
Net Book Value at 1 April 2019	65,590	5,338	809	1,309	73,046	19	33	52	73,098
Net Book Value at 31 March 2020	66,211	6,126	768	10,190	83,295	12	26	38	83,333

Note (a) see Asset held for sale note for more detail on page 56

10. Property, Plant and Equipment

The following table shows the comparable movements in 2018/19.

2018/19	Cheshire Fire Authority					NWFC (25%)		NWFC Total	TOTAL	Financial reporting entity
	Land & Buildings	Vehicles	Plant & Equipment	Assets Under construction	CFA Total	Fixtures & Fittings	Computer equipment			
<u>Cost or Valuation</u>	£000	£000	£000	£000	£000	£000	£000	£000	£000	
At 1 April 2018	58,842	14,010	3,983	302	77,137	62	124	186	77,323	
Additions	(7)	186	26	1,044	1,249	-	33	33	1,282	
Revaluations: charged to reserve	6,534	-	-	-	6,534	-	-	-	6,534	
Revaluations: charged to CIES	356	-	-	-	356	-	-	-	356	
Disposals	(135)	(746)	(67)	-	(948)	-	-	-	(948)	
Reclassifications	-	37	-	(37)	-	-	-	-	-	
At 31 March 2019	65,590	13,487	3,942	1,309	84,328	62	157	219	84,547	
<u>Depreciation</u>										
At 1 April 2018	(166)	(8,056)	(3,036)	-	(11,258)	(34)	(122)	(156)	(11,414)	
Charge in year	(1,945)	(806)	(164)	-	(2,915)	(9)	(2)	(11)	(2,926)	
Written out to reserve	1,724	-	-	-	1,724	-	-	-	1,724	
Written out to CIES	369	-	-	-	369	-	-	-	369	
Disposals	18	713	67	-	798	-	-	-	798	
Reclassifications	-	-	-	-	-	-	-	-	-	
At 31 March 2019	-	(8,149)	(3,133)	-	(11,282)	(43)	(124)	(167)	(11,449)	
Net Book Value at 1 April 2018	58,676	5,954	947	302	65,879	28	2	30	65,909	
Net Book Value at 31 March 2019	65,590	5,338	809	1,309	73,046	19	33	52	73,098	

Revaluations

Assets included in the Balance Sheet are revalued at least every five years. The Fire Authority's property portfolio had a full valuation on 31 March 2019, with the next full valuation due 31 March 2024. The current valuations are reviewed annually by Edward Cottrell, MRICS of Cottrell Commercial with any significant variations reported within these accounts. The basis of the valuations is as follows:

- Day Crewed Housing – Existing Use Value
- Fire Service Headquarters – Existing Use Value
- Fire Stations and Safety Centre – Depreciated Replacement Cost
- Surplus Assets – Fair Value

Surplus assets are measured for their economic benefits at fair value under IFRS13 – Fair Value Measurement. The Authority holds just over two acres of land next to Hallwood Link Road, Runcorn which it has deemed as a surplus asset. It is currently valued at £0.35m (£0.35m March 2019).

The 2019 valuation resulted in an overall net increase in asset values of £7m and subsequent annual review has led to further revaluation of Fire Stations, Fire Headquarters and Residential Properties resulting in a further overall increase in asset values of £2m (March 2020).

Other non-current assets are valued at depreciated historical cost in line with the Authority's accounting policies.

Due to global economic uncertainty caused by the Covid 19 pandemic the 2019/20 valuations have been provided on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution is attached to the valuation than would normally be the case.

Capital Commitments

At 31 March 2020 the Authority had capital commitments of £9.006m (31 March 2019 £0.507m).

The Authority has approved the building of a newly refurbished and expanded Operational Training Centre along with a replacement Fire Station in Chester. Both of these major projects were in their build phases at 31 March 2020. A replacement Fire Station in Crewe has also been approved but is currently in its design stage so is not a contractual commitment at this point. In addition, works to refurbish Birchwood, Runcorn, Sandbach and Middlewich Fire stations were in progress at 31 March 2020 following the completed modernisation of Bollington and Tarporley Fire Stations during the year. Contracts are also in place to refurbish a number of Fire Service residential properties. In addition, a replacement support vehicle had been ordered but not delivered at 31 March 2020.

These commitments are detailed as follows:

	31 March 20	31 March 19
	£000	£000
New station build – Chester	3,438	-
New Operational Training Centre	3,922	6
Fire Station modernisation programme	1,402	-
Residential Properties modernisation programme	230	-
Appliance replacement programme	-	440
Specialist and Support vehicles	14	61
Total capital commitments	<u>9,006</u>	<u>507</u>

11. Intangible Assets

The Authority accounts for 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 in plant and equipment. The intangible assets reflect the purchased software and licences.

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 lives generally assigned to the major software suites used by the Authority is five years. The movement on intangible assets during the year is as follows:

	2019/20			2018/19		
	CFA	NWFC	Total	CFA	NWFC	Total
	£000	£000	£000	£000	£000	£000
Carrying Amount						
Balance at start of year	334	692	1,026	289	687	976
Reclassification	-	197	197	-	-	-
Additions	-	26	26	45	5	50
Disposals	(142)	-	(142)	-	-	-
Balance at end of year	192	915	1,107	334	692	1,026
Amortisation						
Balance at start of year	(298)	(423)	(721)	(289)	(321)	(610)
Charge for the year	(9)	(102)	(111)	(9)	(102)	(111)
Disposals	142	-	142	-	-	-
Balance at end of year	(165)	(525)	(690)	(298)	(423)	(721)
Net Book Value at 1 April	36	269	305	-	366	366
Net Book Value at 31 March	27	390	417	36	269	305

12. Financial Instruments

The definition of a financial instrument is “any contract that gives rise to a financial asset of one entity and a financial liability, or equity instrument of another entity”. The term ‘financial instrument’ covers both financial assets and liabilities. These range from straight forward debtors and creditors to more complex investments and borrowings. The following categories of financial instruments are carried in the Balance Sheet; current is deemed to be under one year and long-term over one year.

	Long-term		Current	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
Investments				
Loans and receivables				
- Investments	-	-	13,013	20,051
- Imprest and cash	-	-	6,322	5,414
Total Investments	-	-	19,335	25,465
Debtors				
- Loans and receivables	-	-	559	1,111
- Plus items not classed as Financial Instruments	-	-	4,261	2,833
Total Debtors			4,820	3,944

	Long-term	Current		
	31 March 2020	31 March 2019	31 March 2020	
	£000	£000	£000	
<u>Borrowings</u>				
Financial Liabilities at amortised costs				
- PWLB	(1,012)	(1,012)	-	(880)
Total Borrowings	(1,012)	(1,012)	-	(880)
<u>Creditors</u>				
- Financial liabilities at amortised costs	-	-	(7,716)	(4,484)
- Plus items not classed as Financial Instruments	-	-	(3,049)	(2,504)
Total Creditors	-	-	(10,765)	(6,988)
Income, Expense, Gains and Losses				
	Financial Liabilities at amortised costs	Financial Assets; Loans and Receivables	TOTAL	
	£000	£000	£000	
2019/20				
Interest Expense	(86)	-	(86)	
Impairment losses (bad debt provision)	-	(6)	(6)	
Total expense in Surplus/Deficit on the Provision of Services	(86)	(6)	(92)	
Interest Income	-	244	244	
Total income in Surplus/Deficit on the Provision of Services	-	244	244	
Net Gain/(Loss) for the year	(86)	238	152	
	Financial Liabilities at amortised costs	Financial Assets; Loans and Receivables	TOTAL	
	£000	£000	£000	
2018/19				
Interest Expense	(86)	-	(86)	
Impairment losses (bad debt provision)	-	(4)	(4)	
Total expense in Surplus/Deficit on the Provision of Services	(86)	(4)	(90)	
Interest Income	-	216	216	
Total income in Surplus/Deficit on the Provision of Services	-	216	216	
Net Gain/(Loss) for the year	(86)	212	126	

Fair Values of Assets and Liabilities

Financial assets and liabilities 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 values of the cash flows that will take place of the remaining term of the instrument, making the following assumptions:

- For PWLB, interest rates prevailing at 31 March 2020;
- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to be an approximate to fair value; and
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Financial Liabilities	31 March 2020		31 March 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
PWLB	(1,012)	(1,238)	(1,892)	(2,163)
TOTAL	(1,012)	(1,238)	(1,892)	(2,163)

Short-term debtors and creditors are carried at cost with bank deposits and short-term investments also carried at cost as this is deemed a fair approximation of their value.

The Authority's activities in relation to financial instruments 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 and payments.
- Re-financing Risk – the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market Risk – the possibility that financial loss might arise for the Authority as a result of changes in measures such as interest rates, foreign exchange rates or stock market movements.

The Treasury Management Strategy is approved annually by the Fire Authority when it approves the budget. It includes a section on risks associated with Treasury Management and identifies the Head of Finance (Fire and Police) as being responsible for managing them. The overarching principle is to seek to maximise financial benefit from Treasury Management activities within a control framework which mitigate against the high risk attached to these activities. The Authority's principal objectives for investments are security first, liquidity next and finally yield.

Credit Risk

Credit Risk arises from deposits with banks and financial institutions as well as credit exposure to the Authority's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time

limits with a financial institution located in each category. It imposes a maximum sum of £10 million to be invested at any one time with any single institution or group.

The Fire Authority uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard & Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- credit Default Swaps to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

This modelling approach combines credit ratings, credit watches and credit overviews in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative standing of counterparties. These colour codes are used by the Authority to determine the suggested duration of investments.

As this methodology uses a wide range of information beyond basic credit ratings, it ensures that no one source of information is given undue credence. All ratings and colour codes are monitored weekly via Link's credit listings and in-between via business press.

Customers of goods and services are assessed taking into account their financial position, past experience and other factors to produce an individual credit limit in accordance with the parameters set by the Authority.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £13.0m (2017/18 £16.8m) 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 institution. Recent experience has shown that it is rare for such organisations to be unable to meet their commitments. A risk of non-recovery applies to all of the Authority's deposits but no evidence exists at 31 March 2020 to indicate any material likelihood of this occurring.

The following analysis summarises the Authority's potential maximum exposure to credit risk on other financial assets based on historic experience of default and non-collection and demonstrates that the risk is clearly not material at 31 March 2020:

	Amount at 31/03/2020 £000 A	Historical Risk of Default at 31/03/2020 % B	Estimated maximum exposure to default and uncollectability at 31/03/2020 £000 (A x B)
Deposits with banks and financial institutions	13,013	0.007	0.9

During 2019/20 there were no breaches of the approved credit limits set within the Annual Investment Strategy. The Authority does not expect any losses from non-performance by any of its counter-parties in relation to deposits but continues to invest in a prudent manner. The Authority does not generally allow credit for customers.

The level of debt held which is past its due date is analysed by age as follows:

Analysis of the Fire Authority's system debtors	31 March 2020 £000	31 March 2019 £000
Less than three months	269	271
Three to six months	-	23
Six months to one year	3	-
More than one year	16	10
TOTAL	288	304

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected cash demands occur the Authority has ready access to borrowings from the money markets and the Public Works Loan Board. There is no significant risk that it will be unable to raise the necessary funding to meet its commitments under financial instruments. Instead the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

The Authority set limits on the proportion of its fixed rate borrowing maturing during specified periods. The maturity analysis of the current financial liabilities is as follows:

	31 March 2020 £000	31 March 2019 £000
Less than one year	-	880
Between one and two years	-	-
Between two and five years	893	426
Between five and ten years	119	586
Between ten and fifteen years	-	-
TOTAL	1,012	1,892

The analysis above shows PWLB borrowing. All trade and other payables are due to be paid in less than one year.

Market Risk

If interest rates had been 1% higher (with all other variables held constant) the financial effect would have been as follows:

	2019/20 £000
Daily average investment balance (average rate of interest 0.84%)	18,168
Additional interest assuming such rates were 1% higher than actual	182
Decrease in fair value of fixed rate borrowing liabilities (no impact on CIES)	53

The Authority aimed to minimise interest rate risk by working with its Treasury Management advisers during 2019/20, Link Asset Services to agree a strategy in relation to investment and debt portfolios which is reflected within the overall Treasury Management Strategy. The Authority's policy is to maximise the percentage of borrowings and investments at fixed rates as this provides cost certainty for budget purposes, especially in the current economic climate. In addition the Authority has relatively small portfolios of loans and investments which makes it more difficult to offset risk through a mixed portfolio.

The Authority does not have any investment in equity shares and is therefore, not exposed to price risk. The Authority has very low levels of transactions in foreign currencies and therefore has minimal exposure to exchange rate risk.

13. Assets held for sale (AHFS)

<u>Cost or Valuation</u>	Asset held for Sale	
	£000	£000
At 1 April 2019		-
Newly classified as AHFS:		
• Property, Plant and Equipment	875	
• Other Assets	-	
		875
Revaluations gains/(losses)		-
Impairment losses		-
Assets sold		-
At 31 March 2020		875

14. Inventories

2019/20	Workshops	Uniform	Firefighters & General	TOTAL
	£000	£000	£000	£000
Balance at 1 April 2019	80	387	54	521
Purchases in year	29	609	265	903
Distributed in year (expended)	(31)	(416)	(247)	(694)
Write-off in year	(7)	-	-	(7)
Balance at 31 March 2020	71	580	72	723

2018/19	Workshops	Uniform	Firefighters & General	TOTAL
	£000	£000	£000	£000
Balance at 1 April 2018	89	264	98	451
Purchases in year	23	593	265	881
Distributed in year (expended)	(32)	(470)	(309)	(811)
Write-off in year	-	-	-	-
Balance at 31 March 2019	80	387	54	521

15. Debtors (Amounts due to the Authority)

	31 Mar 20 £000	31 Mar 19 £000
Central Government bodies	1,790	813
Other Local Authorities	924	867
NHS bodies	18	23
Other Entities and Individuals	497	462
Princes Trust related debtors	296	327
Collection Fund – Council Tax payers	1,100	982
Collection Fund – Business Rate payers	128	121
Total for Cheshire Fire	4,753	3,595
Cheshire Fire share of NWFC debtors (25%)	67	349
Financial reporting entity Total	4,820	3,944

16. Cash and Cash Equivalent

	31 Mar 20 £000	31 Mar 19 £000
Cash held by the Authority	36	31
Bank Current Accounts	5,824	5,242
Total for Cheshire Fire	5,860	5,273
Cheshire Fire share of NWFC cash (25%)	462	141
Financial reporting entity Total	6,322	5,414

17. Creditors (Amounts payable by the Authority)

	31 Mar 20 £000	31 Mar 19 £000
Central Government bodies	(2,321)	(2,855)
Other Local Authorities	(2,162)	(1,029)
Public Corporations	-	(3)
Other Entities and Individuals	(4,874)	(1,837)
Collection Fund – Council Tax payers	(475)	(447)
Collection Fund – Business Rate payers	(54)	(81)
Total for Cheshire Fire	(9,886)	(6,252)
Cheshire Fire share of NWFC creditors (25%)	(879)	(736)
Financial reporting entity Total	(10,765)	(6,988)

18. Provisions

The Authority is subject to the fluctuations of the business rates collection funds of the four unitary councils in Cheshire. A provision has been created to reflect the likely costs of a deficit on the funds and the Authority's share of the cost of business rate appeals. In 2019/20, the Authority also identified likely costs in respect of termination payments.

	Collection Fund £000	Termination costs £000	Total costs £000
Balance as at 1 April 2019	(772)	-	(772)
Additions to provision in year	(733)	(120)	(853)
Amounts used in year	-	-	-
Reduction to provision in year	772	-	772
Balance as at 31 March 2020	(733)	(120)	(853)

19. Usable Reserves

Usable reserves are those reserves that can be used to fund general expenditure or reduce local taxation. Usable reserves held by the Authority are set out below.

	31 Mar 20 £000	31 Mar 19 £000	31 Mar 18 £000
General Fund	(2,210)	(2,210)	(8,210)
Capital Receipts	-	(100)	(403)
Capital Grant – unapplied	-	-	-
Earmarked Reserves			
- Resource Centre Managers	(14,523)	(13,538)	(15,849)
- Community Risk Reductions	(345)	(330)	(475)
- Unitary Performance Groups	(120)	(117)	(367)
Capital Reserve	(4,266)	(14,856)	(2,916)
TOTAL	(21,464)	(31,151)	(28,220)
NWFC (25%) general fund balance	(78)	(76)	(71)
Financial reporting entity Total	(21,542)	(31,227)	(28,291)

General Fund: The general fund represents resources available to meet the potential financial consequences of the Authority's risk profile and other unforeseen circumstances. On a separate line, 25% of North West Fire Control Ltd is also shown.

Capital Receipts: Capital receipts holds the proceeds from the sale of fixed assets and can only be used to fund capital expenditure or repay debt.

Capital Grant – unapplied: This reserve holds grants and contributions received towards the Authority's capital programme for which the terms and conditions that would otherwise require repayment of the funds, have been met but has not yet been applied to fund expenditure. The use of this reserve is restricted to the terms and conditions of the funding received.

Resource Centre Managers: This earmarked reserve is set aside to meet future identified commitments within the respective Resource Managers' areas.

Community Risk Reduction: This funding has been earmarked to support the cost of the Authority's home safety assessments and other community safety activities.

Unitary Performance Groups: This earmarked reserve is set aside for facilitating partner engagement in community safety activities.

Capital Reserve: This reserve is earmarked to fund future capital expenditure.

20. Unusable Reserves

The Authority also holds unusable reserves (technical accounting adjustment accounts reflecting the difference between the outcome of applying proper accounting practices and the statutory requirements for funding expenditure within the public sector). This note shows the movements in year.

	31 Mar 20 £000	31 Mar 19 £000	31 Mar 18 £000
Revaluation Reserve	(28,013)	(26,944)	(19,208)
Capital Adjustment Account	(49,472)	(38,968)	(39,362)
Pensions Reserve	522,587	591,751	563,828
Collection Fund Adjustment Account	(350)	(414)	(637)
Accumulated Absences Account	599	547	512
TOTAL	445,351	525,972	505,133

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its non-current assets. The balance is reduced when assets with accumulated gains are:

- Re-valued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

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

	2019/20 £000	2018/19 £000
Revaluation Reserve		
Balance at 1 April	(26,944)	(19,208)
Upward revaluation of assets	(4,948)	(8,272)
Downward revaluation of assets and impairment losses	1,128	14
Difference between fair value depreciation & historical cost depreciation	2,751	522
Balance at 31 March	(28,013)	(26,944)

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 additions to those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs 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 subsequent costs.

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

	2019/20	2018/19
	£000	£000
Capital Adjustment Account		
Balance at 1 April	(38,968)	(39,362)
Charges for depreciation and impairment on non-current assets	3,118	2,904
Revaluation losses on property, plant and equipment	(329)	(725)
Amortisation of intangible assets	9	9
Impact of disposal or sale of non-current assets	2,738	150
Adjusting amounts written out of the revaluation reserve	(2,751)	(522)
	<hr/>	<hr/>
	(36,183)	(37,546)
Capital financing – charged against the General Fund	(12,724)	(466)
Capital financing – funding from Capital Grants and Contributions	-	-
Capital financing – charged against Capital Receipts	(119)	(477)
Capital financing – charged against Capital Grants – unapplied	-	-
Statutory provision for financing of capital expenditure (MRP)	(446)	(478)
Balance at 31 March	<hr/>	<hr/>
	(49,472)	(38,968)

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 benefits earned 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.

	2019/20	2018/19
	£000	£000
Pensions Reserve		
Balance at 1 April	591,751	563,828
Re-measurement of the net defined benefit liability/(asset)	(77,283)	(4,669)
Reversal of pension accounting entries in the CIES	22,568	47,869
Employer's pension contributions and payments to pensioners in year	(14,450)	(15,277)
Balance at 31 March	<hr/>	<hr/>
	522,587	591,751

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income 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.

	2019/20	2018/19
	£000	£000
Collection Fund Adjustment Account		
Balance at 1 April	(414)	(637)
Amount by which the council tax and non-domestic rates income credited to the CIES is different to the income calculated under statute.	64	223
Balance at 31 March	(350)	(414)

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 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

	2019/20	2018/19
	£000	£000
Accumulated Absences Account		
Balance at 1 April	547	512
Settlement or cancellation of accrual made at the end of the preceding year	(547)	(512)
Amounts accrued at the end of the current year	599	547
Balance at 31 March	599	547

21. Notes to the Cash Flow Statement

Cash Flow Statement - Operating Activities - adjustment for non-cash movements charged to the net (surplus)/deficit on the provision of services:

	2019/20	2018/19
	£000	£000
Depreciation	(3,132)	(2,914)
Impairment and downward revaluation	329	725
Amortisation	(111)	(111)
Movement in impairment provision for bad debts	(6)	(4)
Movement in creditors	(1,066)	1,117
Movement in debtors	876	(965)
Movement in amount due from pension fund	(1,433)	1,287
Movement in stock/inventories	195	70
Movement in pension liability	(8,118)	(32,953)
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(2,738)	(150)
Other non-cash items charged to the net surplus or deficit on the provision of services	(81)	(64)
Total adjustment for non-cash movements	(15,285)	(33,602)

The cash flows for operating activities include the following items:

	2019/20	2018/19
	£000	£000
Interest received	244	216
Interest paid	(86)	(86)

Cash Flow Statement - Investment Activities

	2019/20	2018/19
	£000	£000
Purchase of non-current assets	10,369	1,525
Purchase of short-term and long-term investments	52,962	44,824
Proceeds from sale of non-current assets	(19)	(174)
Proceeds from short-term and long-term investments	(60,000)	(41,600)
Other receipts from investing activities	-	-
Net cash flows from investing activities	3,312	4,575

Cash Flow Statement - Financing Activities

	2019/20	2018/19
	£000	£000
Cash receipts of short-term and long-term borrowing	-	-
Cash payments for the reduction of the outstanding liabilities relating to finance leases	13	12
Repayment of short-term and long-term borrowing	880	11
Net cash flows from financing activities	893	23

Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities:

	2019/20 £000	2018/19 £000
Reverse - Other receipts from investing activities	-	-
Reverse - Proceeds from sale of non-current assets	19	174
Reverse - Cash payments for the reduction of the outstanding liabilities relating to finance leases	(13)	(12)
Total	6	162

22. Members' Allowances

The Authority paid the following amounts to Members during the year:

	2019/20 £000	2018/19 £000
Members' allowances	130	134
Travel and subsistence, training and conferences	19	20
Total	149	154

23. Officers' Remuneration

	Dates in Post	Gross Annual Salary (a)	Salary and Allowances	Benefits in kind (b)	Compensation for loss of office	Pension Contribution	Total
2019/20		£	£	£	£	£	£
Chief Fire Officer and Chief Executive - Mark Cashin	Full year	153,860	152,158	-	-	43,555	195,713
Assistant Chief Fire Officer (d) – Gus O'Rourke	Full year	115,395	114,350	1,854	-	42,307	158,511
Assistant Chief Fire Officer (d) – Alex Waller	Full year	115,395	114,350	2,226	-	32,652	149,228
Director of Governance and Commissioning	Full year	92,852	97,494	-	-	17,841	115,335
Director of Transformation	Full year	73,912	73,912	-	-	13,526	87,438
Treasurer (Section 151 Officer)	Full year	58,238	23,610	-	-	4,321	27,931
Total 2019/20			575,874	4,080	-	154,202	734,156
2018/19		£	£	£	£	£	£
Chief Fire Officer and Chief Executive - Paul Hancock	01/04/2018 to 30/06/2018	159,023	41,057	-	-	8,712	49,769
Chief Fire Officer and Chief Executive - Mark Cashin	01/07/2018 to 31/03/2019	146,450	110,510	-	-	20,127	130,637
Deputy Chief Fire Officer	01/04/2018 to 30/06/2018	33,949	34,520	-	-	7,294	41,814
Assistant Chief Fire Officer (d)	21/06/2018 to 31/03/2019	109,838	85,429	1,399	-	18,534	105,362
Assistant Chief Fire Officer (d)	21/06/2018 to 31/03/2019	109,838	85,429	694	-	8,373	94,496
Director of Governance and Commissioning	Full year	88,915	93,361	-	-	17,085	110,446
Director of Transformation	Full year	70,741	70,741	-	-	12,946	83,687
Treasurer (Section 151 Officer)	Full year	57,096	23,147	-	-	4,236	27,383
Total 2018/19			544,194	2,093	-	97,307	643,594

Notes:

- a) Gross annualised salary represents the gross full time equivalent salary applicable to the post at 31 March, or when the person left post if earlier.
- b) Benefits in kind consist of taxable benefits relating to car lease and mileage payments.
- c) All members of the Leadership Team above are excluded from the remuneration banding figures shown on next page.
- d) Officers are in different pension schemes.

Of the Authority's remaining employees, the following numbers received more than £50,000 remuneration for the year (excluding employer's pension contributions):

Remuneration Band	No of Employees	
	2019/20	2018/19
£50,000 - £54,999	18	13
£55,000 - £59,999	15	9
£60,000 - £64,999	4	7
£65,000 - £69,999	5	2
£70,000 - £74,999	1	2
£75,000 - £79,999	1	1
£80,000 - £84,999	1	-

The number of exit packages with total cost per band and the total cost of the compulsory and other redundancies are 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 £
2019/20				
Total	-	-	-	-
Amounts provided for in CI&E not included in bandings			1	120,000
Total cost included in 2019/20 CI&E Statement				120,000

2018/19				
£nil - £20,000	1	3	4	16,518
Total	1	3	4	16,518
Amounts provided for in CI&E not included in bandings			-	-
Total cost included in 2018/19 CI&E Statement				16,518

24. Termination Benefits

During 2019/20 notice was given to one member of staff regarding the end of fixed term contract incurring a liability of £120k (there were £16.5k liabilities in 2019/20 relating to four employees).

See Note 23 for the number of exit packages and total cost per band.

25. 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:

	2019/20 £000	2018/19 £000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year. (£4.5k in 2019-20 relates to the variation fee for 2018-19 accounts)	32	23

26. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement during the year:

	2019/20 £000	2018/19 Restated £000
Credited to Taxation and Non-Specific Grant Income and Expenditure		
Revenue Support Grant	(3,927)	(4,513)
Business rates - central government top up grant	(5,106)	(5,019)
Business rates - levy account surplus	(32)	(143)
S31 grant - Business rates / NDR	(679)	(508)
Transparency grant	(8)	(8)
Fire Pension Grant	(2,104)	-
Covid-19 emergency funding for local government	(167)	-
	(12,023)	(10,191)
Credited to Services		
Fire Revenue Grant - New Dimensions Fund	(6)	(6)
Fire Revenue Grant - FireLink	(163)	(158)
Emergency Services Mobile Communications Programme (ESMCP)	(164)	(115)
Apprenticeship Levy	(80)	(33)
Other Grants	(3)	(9)
Donations	(21)	(4)
Other contributions	(49)	(70)
	(486)	(395)

The 2018/19 column is restated following the layout of the note been reviewed for the 2019/20 accounts, giving a more detailed breakdown of just the grants, contributions and donations received that should be included in this note.

27. Related Parties

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

Central Government

Central Government has significant influence over the general operations of the Authority - it is responsible for providing the statutory framework within which the Authority operates, provides a substantial part of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties.

Grants received from Government Departments are set out in Note 26, Grant Income.

The Authority has utilised the borrowing facilities operated by the Debt Management Office (PWLB loans).

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in the year is shown in Note 22 (Members' Allowances). There were no transactions during the year in which members were required to declare an interest.

Officers

There were no transactions during the year in which officers were required to declare an interest.

Entities Controlled or Significantly Influenced by the Authority

The Authority was one of four Fire and Rescue Authorities that together set up NW Fire Control Limited (NWFC). NWFC is a company limited by guarantee which was incorporated in July 2007 and was established to operate a Regional Control Centre with the responsibility for Fire and Rescue Service mobilisation for the North West region. It has been determined that the company is governed by Joint Control due to the fact that unanimous consent exists for key decisions and that each Authority has equal voting rights. This joint arrangement has been deemed to be a Joint Operation as the parties have rights to the assets, and obligations for the liabilities relating to the arrangement. More details on NWFC can be found in the next Note.

Safer Cheshire Limited, a company limited by guarantee, was established by the Authority on 15 December 2015, with the object of reducing accidental death, injury and harm by educating those most at risk about staying safe at home, on the road and in the community. An application to register this company with the Charity Commission has been unsuccessful. There was no activity in 2019/20, which leaves Safer Cheshire Limited with the donation of £5k from the Authority to the Company in respect of initial working capital.

Firefighters Pension Fund

The Fire Authority administers the Firefighter Pensions Schemes. The account for the schemes is included in the Statement of Accounts. See note 32 for more details.

Other Public Bodies (subject to common control by central government)

The Fire Authority consists of 23 members, who are nominated by the constituent local authorities (the unitary councils of Cheshire West and Chester, Cheshire East, Halton and Warrington). All transactions between the Authority and these authorities are included in the accounts. The principal transactions between the Authority and the constituent authorities are in respect of precept of council tax and the baseline funding (the Fire Authority's share of Business Rates raised in its four constituent authorities).

These are as follows:

Billing Authority	2019/20	2018/19
	£000	£000
[a] Council Tax		
Cheshire East Council	(11,666)	(11,128)
Cheshire West and Chester Council	(9,577)	(9,187)
Halton Borough Council	(2,734)	(2,660)
Warrington Borough Council	(5,325)	(5,062)
Total	(29,302)	(28,037)

Billing Authority	2019/20	2018/19
	£000	£000
[b] Business Rates		
Cheshire West and Chester Council	(1,481)	(1,365)
Halton Borough Council	(516)	(524)
Warrington Borough Council	(1,035)	(1,003)
Total	(4,389)	(4,261)

Note that council tax / business rates income has been adjusted to reflect the surpluses and deficits on Collection Fund accounts, as reflected in the Movement in Reserves Statement.
As at 31 March 2020 the other local authorities net position due to Cheshire Fire was:

	2019/20
	£000
Cheshire East Council	202
Cheshire West and Chester Council	474
Halton Borough Council	149
Warrington Borough Council	167
Total	992

28. NW Fire Control Limited (NWFC)

NW Fire Control Limited is a company limited by guarantee which was incorporated in July 2007 and was established to operate a Regional Control Centre with the responsibility for Fire and Rescue Service mobilisation for the North West region.

During 2011/12 decisions were made about the future of the project following the closure of the National Project announced in December 2011 by the Fire Minister. The Company has four members which are Cheshire Fire Authority, Cumbria County Council, Greater Manchester Combined Authority and Lancashire Fire and Rescue Authority (FRAs). The liability of each member in the event of the company being wound up is limited and shall not exceed £1. Each member of the company has the right to appoint two directors. All directors have equal voting rights.

During May 2014 all four services transferred their Control Room functions into the regionalised service provided by NWFC. The cost of the service is charged out to the four FRAs on a pro rata basis and provided in accordance with a Service Level Agreement. The implementation phase continued to be funded by a section 31 grant from the Department for Communities and Local Government plus an ongoing grant to fund 66% of the lease costs for the building. The grant is paid to Greater Manchester Combined Authority as lead Authority for the North West region and

released to the company as required. From 8 May 2017 Greater Manchester Fire and Rescue Service became the responsibility of the Greater Manchester Combined Authority. There have also been contributions to the project from the FRAs.

It was determined during 2018/19 that the company (NWFC) is governed by Joint Control due to the fact that unanimous consent exists for key decisions and that each Authority has equal voting rights. This joint arrangement has been deemed to be a Joint Operation as the parties have rights to the assets, and obligations for the liabilities relating to the arrangement. This is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom based on International Financial Reporting Standards (IFRS 10, 11 & 12).

On the basis of materiality of the 25% share against the balances of Cheshire Fire Authority it has been determined that Cheshire Fire Authority's share of this joint operation are required to be reported, and are therefore included in these accounts.

Below shows the key information from the draft financial statements of NW Fire Control Ltd:

	2019/20 £000	2018/19 £000
Total Assets less Current Liabilities	311	304
Net Assets *	(2,349)	(3,953)
Profits/(deficit) before taxation	(594)	(412)
Profits/(deficit) after taxation	(594)	(417)

*Net assets include £2.66m (£4.26m 2018/19) for the future pension liabilities under FRS17 reported by the Cheshire Pension Fund actuaries. All figures are shown net of VAT.

2019/20 transactions between Cheshire Fire Authority and NW Fire Control Ltd include invoices raised by NW Fire Control Ltd to Cheshire Fire Authority for the control room service £841k (£829k 2018/19); and use of facilities in the building £3k (£2k 2018/19).

2019/20 invoices raised by Cheshire Fire Authority to NW Fire Control Ltd include reimbursement of nil (£7k 2018/19) costs relating to the network link.

The 2019/20 statements of accounts for NWFC include a restatement of the opening balance relating to a technical accounting adjustment on the 2018/19 balance sheet increasing fixed assets by £787k (Cheshire Fire Authorities 25% share of £197k) and reducing current assets by the same amount. This adjustment relates to the Control Room system upgrade which is now included in the accounts as a work in progress fixed assets as opposed to a prepayment under current assets.

The Company's 2018/19 Financial Statements can be obtained from Companies House, and the 2019/20 Financial Statements will be available by the 31 December 2020 (standard deadline for submission for the final audited 2019/20 accounts).

29. Fire and Rescue Indemnity Company Limited (FRIC)

The Fire Authority became a member of a mutual, the Fire and Rescue Indemnity Company Limited (FRIC), on 1 November 2015. Eleven other Fire Authorities are also members. The mutual provides discretionary protection against claims against the Authority and procures insurance cover on its behalf. Consideration has been given to the nature of the relationship which the Authority has with the mutual. The Authority has no right to appoint directors to the

board of the mutual, and the relationship is not therefore one of joint control. This means that under the Code of Practice on Local Authority Accounting in England and International Financial Reporting Standards 10, 11 and 12 no liability to complete group accounts in relation to the Authority and the mutual exists.

30. Capital Expenditure and Financing

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

	2019/20 £000	2018/19 £000
Opening Capital Financing Requirement	7,252	7,379
Capital Investment		
Property, plant and equipment	12,844	1,282
Intangible assets	26	50
Revenue Expenditure Funded from Capital under Statute	-	-
Sources of Finance		
Capital receipts	(119)	(477)
Government grants and other contributions	-	-
Sums set aside from revenue		
Revenue contributions (Cheshire Fire)	(12,725)	(466)
Minimum revenue provision (MRP)	(446)	(478)
Revenue contributions (NWFC 25%)	(26)	(38)
Closing Capital Financing Requirement	<hr/> 6,806	<hr/> 7,252
Explanation of movements in year		
Increase/(decrease) in underlying need for borrowing (Supported)	(446)	(478)
Increase/(decrease) in underlying need for borrowing (Unsupported)	-	351
Increase/(decrease) in Capital Financing Requirement	<hr/> (446)	<hr/> (127)

31. Leases

Authority as Lessee

Finance Leases

The Fire Authority has a training vehicle held under a finance lease. The vehicle is carried in the Balance Sheet at zero value at 31 March 2020 (£12,929 at 31 March 2019).

As at 31 March 2020, the Authority is no longer committed to making any minimum payments under this lease. The previous year the statements reflected the payment comprising settlement of the long-term liability for the interest in the asset acquired by the Authority and finance costs that was payable by the Authority while the liability remains outstanding.

The minimum finance lease payment is made up of the following amounts:

	2019/20	£	£
Cost or valuation		128,743	
Accumulated depreciation			
As at 1 April 2017	(103,478)		
Charge for 2018/19	(12,336)		
Charge for 2019/20	<u>(12,929)</u>		
As at 31 March 2020	<u>(128,743)</u>		
		-	

Outstanding obligations to make payments under this lease (excluding finance costs) at 31 March are as follows:

	31 Mar 20	31 Mar 19
	£	£
Not later than 1 year	-	(12,929)
Later than 1 year and not later than 5 years	-	-
TOTAL	-	(12,929)

Operating Leases

Expenditure on operating leases in 2019/20 totalled £277,856 (2018/19 £238,365). All expenditure on leases relates to vehicles.

The future minimum lease payments due in future years are as follows:

	31 Mar 20	31 Mar 19
	£000	£000
Not later than 1 year	(157)	(141)
Later than 1 year and not later than 5 years	(157)	(75)
TOTAL	(314)	(216)

32. Employee Benefits

Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Fire 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) that need to be disclosed at the time that employees earn their full entitlement.

The Fire Authority participates in five post-employment schemes:

- The Local Government Pension Scheme (LGPS) for non-uniformed staff, administered locally by Cheshire West and Chester Council. This is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets. Up until 31 March 2014 this was a final salary scheme. Since 1 April 2014 this has changed to a LGPS benefit design career average revalued earning (CARE) scheme.
- There are four pension schemes for uniformed staff.

The original scheme commenced in 1992 with the funding arrangements for uniformed Firefighter pensions changing from 1 April 2006. Until that time, the net cost of pensions (principally on-going payments to pensioners and lump sum commutations) was met by the employer. The main source of income to offset the expenditure was the contribution made by employees.

With effect from 1 April 2006, a new Firefighter Pension Fund for each English Fire Authority was introduced. Firefighter and employer contributions are paid into a pension fund, from which pension payments are made. The fund is balanced to nil each year by receipt of top-up grant from Central Government if there is a deficit, or by paying over the surplus to Central Government. Details of the pension fund for 2019/20 are shown in the Pension Fund Statement. At this point members of the 1992 Scheme were given the choice of staying with their existing Scheme or transferring to the 2006 Scheme.

The new arrangements remove the annual volatility for Fire Authorities that resulted from fluctuations in firefighter retirements. However, there are still no investment assets nor do the Fund's financial statements take account of liabilities to pay pensions and other benefits due after the end of the financial year.

A third scheme was introduced in April 2014 which is a modified version of the 2006 scheme and is available for on-call firefighters now entitled to participate in a pension scheme from 2000 as a result of the decision to backdate part-time workers' rights.

The 1 April 2015 saw the introduction of a new 2015 scheme. The new Regulations (The Firefighter Pension Scheme (England) Regulations 2014) states that all current active members will move into the new scheme from 1 April 2015 unless they qualify for protections that allow them to remain in their current scheme.

All four Firefighter Pension Schemes are administered through one fund. These are unfunded schemes, meaning that there are no investment assets built up to meet the liabilities so that cash has to be generated to meet actual pension payments as they become due.

FIREFIGHTER PENSION SCHEMES - pension contribution rates on pensionable pay	Employee	Employer ^(a)
	%	%
1992 Firefighter Pension Scheme	11% - 17%	37.3%
2006 Firefighter Pension Scheme (modified)	11% - 17%	37.3%
2006 Firefighter Pension Scheme	8.5% - 12.5%	27.4%
2015 Firefighter Pension Scheme	11% - 14.5%	28.8%

^(a) The employers' contribution consists of amounts shown in table above, together with formula-based charges for the cost of ill-health and other early retirements.

Local Government Pension Scheme assets comprised:

Local Government Pension Scheme	Cheshire Fire		NWFC (25%)	
	Fair value of scheme assets		Fair value of scheme assets	
	31 Mar 20 £000	31 Mar 19 £000	31 Mar 20 £000	31 Mar 19 £000
Cash and cash equivalents:				
• All	1,255.9	931.6	209.8	48.7
Equity instruments: by industry type				
• Consumer	543.0	579.8		
• Manufacturing	435.8	358.9		
• Energy and utilities	63.3	76.1		
• Financial institutions	603.7	674.3		
• Health and care	262.9	211.9		
• Information technology	2,155.6	2,245.3		
• Other	155.5	149.1		
Sub-total equity	4,219.8	4,295.4	996.6	1,094.9
Bonds: by sector				
• Corporate	-	-		
• Government	-	-		
• Other	-	-		
Sub-total bonds	-	-	1,206.3	1,094.9
Property: by type				
• United Kingdom	3,438.4	3,914.3		
• Overseas	59.9	69.5		
Sub-total property	3,498.3	3,983.8	209.8	194.5
Private equity:				
• All	1,616.0	1,657.0		
Sub-total private equity	1,616.0	1,657.0	-	-
Other investment funds:				
• Equities	6,582.6	6,867.8		
• Bonds	19,079.1	21,624.2		
• Hedge Fund	4,901.9	6,423.2		
• Other	1,772.4	1,971.0		
Sub-total other investment funds	32,336.0	36,886.2	-	-
Derivatives:				
• All	-	-	-	-
Total Assets	42,926.0	47,754.0	2,622.5	2,433.0

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 we are 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:

	Local Government Pension Scheme (NWFC-25%)		Local Government Pension Scheme (CFA)		Firefighter Pension Schemes (CFA)		Total for all Schemes		
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	
	£000	£000	£000	£000	£000	£000	£000	£000	
Comprehensive Income & Expenditure Statement (CIES)									
Cost of Services:									
age 52	Current Service Costs	236	191	1,758	1,460	8,200	8,100	10,194	9,751
	Past Service Costs	-	-	-	247	(1,800)	22,400	(1,800)	22,647
Financing & Investment Income & Expenditure:									
age 52	Net interest expense	28	22	346	249	13,800	15,200	14,174	15,471
	Total post-employment benefit charged to the Surplus or Deficit on the Provision of Services	264	213	2,104	1,956	20,200	45,700	22,568	47,869
 Other post-employment benefits charges to the CIES									
Re-measurement of the net defined pension liability comprising:									
age 52	Return on plan assets (excluding the amount included in the net interest expense)	5	(115)	5,846	(1,232)	-	-	5,851	(1,346)
	Actuarial gains and losses arising on changes in demographic assumptions	(301)	-	(1,990)	-	(17,800)	(40,600)	(20,091)	(40,600)
	Actuarial gains and losses arising on changes in financial assumptions	(162)	284	(4,532)	5,193	(50,000)	39,800	(54,694)	45,277
	Other experience	(91)	-	(12,258)	-	4,000	(8,000)	(8,349)	(8,000)
	Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	(285)	382	(10,830)	5,917	(43,600)	36,900	(54,715)	43,200

	Local Government Pension Scheme (NWFC-25%)		Local Government Pension Scheme (CFA)		Firefighter Pension Schemes (CFA)		Total for all Schemes	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000	£000	£000	£000	£000
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	(264)	(213)	(2,104)	(1,956)	(20,200)	(45,700)	(22,568)	(47,869)
Actual amount charged against the General Fund Balance for pensions in the year:								
▫ Employers' contributions payable to scheme (gross amount before the Authority's receipt of the Firefighter pension scheme top up grant)	114	104	736	773	13,600	14,400	14,450	15,277
Pensions 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:								
	Local Government Pension Scheme (NWFC-25%)		Local Government Pension Scheme (CFA)		Firefighter Pension Schemes (CFA)		Total for all Schemes	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000	£000	£000	£000	£000
Present value of the defined benefit obligation	3,287	3,495	45,248	61,642	519,600	576,800	568,135	641,937
Fair value of plan assets	(2,624)	(2,433)	(42,926)	(47,754)	-	-	(45,550)	(50,186)
Sub-total	663	1,062	2,322	13,888	519,600	576,800	522,585	591,751
Other movements in the liability (asset)	-	-	-	-	-	-	-	-
Net Liability arising from defined benefit obligation	663	1,062	2,322	13,888	519,600	576,800	522,585	591,751

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets:

	Local Government Pension Scheme (NWFC-25%)		Local Government Pension Scheme (CFA)		Firefighter Pension Schemes (CFA)		Total for all Schemes	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000	£000	£000	£000	£000
Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets:								
Opening fair value of scheme assets	2,433	2,124	47,754	45,219	-	-	50,187	47,343
Interest income	62	59	1,147	1,221	-	-	1,209	1,280
Remeasurement gain/(loss):								
The return on plan assets, excluding the amount included in the net interest expense	(5)	115	(5,846)	1,232	-	-	(5,851)	1,346
Contributions from employer	114	104	736	773	13,600	14,400	14,450	15,277
Contributions from employees into the scheme	37	35	262	250	2,000	2,100	2,299	2,385
Benefits paid	(17)	(4)	(1,127)	(941)	(15,600)	(16,500)	(16,744)	(17,445)
Closing fair value of scheme assets	2,624	2,433	42,926	47,754	-	-	45,550	50,186

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

Opening balance at 1 April	3,495	2,909	61,642	53,963	576,800	554,300	641,937	611,172
Current service cost	236	191	1,758	1,460	8,200	8,100	10,194	9,751
Interest cost	90	81	1,493	1,470	13,800	15,200	15,383	16,751
Contributions by scheme participants	37	34	262	250	2,000	2,100	2,299	2,384
Remeasurement (gains) and losses:								
Actuarial gains/losses arising from changes in demographic assumptions	(301)	-	(1,990)	-	(17,800)	(40,600)	(20,091)	(40,600)
Actuarial gains/losses arising from changes in financial assumptions	(162)	284	(4,532)	5,193	(50,000)	39,800	(54,694)	45,277
other experience	(91)	-	(12,258)	-	4,000	(8,000)	(8,349)	(8,000)
Past service cost	-	-	-	247	(1,800)	22,400	(1,800)	22,647
Benefits paid	(17)	(4)	(1,127)	(941)	(15,600)	(16,500)	(16,744)	(17,445)
Closing balance at 31 March	3,287	3,495	45,248	61,642	519,600	576,800	568,135	641,937

The Liabilities shown on the Firefighter Pension Schemes include liabilities in respect of injury pensions. Of the £519.6m liability, £23.8m related to injury pensions (2018/19 £576.8m liability, £26.4m related to injury pensions).

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. Both the Local Government Pension Scheme and the Firefighter Pension Schemes have been assessed by Hymans Robertson LLP, an independent firm of actuaries. Estimates for the Local Government Pension Scheme are based on the latest full valuation of the scheme as at 31 March 2019. The significant assumptions used by the actuary have been:

	Local Government Pension Scheme (NWFC)		Local Government Pension Scheme (CFA)		Firefighter Pension Schemes	
	2019/20 %	2018/19 %	2019/20 %	2018/19 %	2019/20 %	2018/19 %
Long-term expected rate of return on assets in the scheme:						
Equity investments	2.3	2.5	2.3	2.4	-	-
Bonds	2.3	2.5	2.3	2.4	-	-
Property	2.3	2.5	2.3	2.4	-	-
Cash	2.3	2.5	2.3	2.4	-	-
Mortality assumptions:						
At age 65						
Longevity for current pensioners:						
· Men	21.2 years	22.3 years	21.2 years	22.3 years	26.4 years	27.3 years
· Women	23.6 years	24.5 years	23.6 years	24.5 years	28.5 years	29.4 years
Longevity for future pensioners:						
· Men	21.9 years	23.9 years	21.9 years	23.9 years	27.5 years	28.4 years
· Women	25.0 years	26.5 years	25.0 years	26.5 years	29.7 years	30.6 years
Rate of inflation (CPI)	1.8	2.4	1.9	2.5	1.9	2.5
Rate of increase in salaries	2.5	2.7	2.6	2.8	2.8	3.5
Rate of increase in pensions	1.8	2.4	1.9	2.5	1.9	2.5
Rate for discounting scheme liabilities	2.3	2.5	2.3	2.4	2.3	2.4

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions 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 the 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 Scheme

Change in financial assumptions at year ended 31 March 2020	Local Government Pension Scheme (NWFC)*		Local Government Pension Scheme (CFA)		Firefighter Pension Schemes	
	Approximate monetary amount (NWFC 25%) £000	Approximate increase to Employer Liability %	Approximate monetary amount £000	Approximate increase to Employer Liability %	Approximate monetary amount £000	Approximate increase to Employer Liability %
Longevity/ increase in member life expectancy (increase of 1 year)	99 to 164	3-5%	1,357 to 2,262	3-5%	15,519	3
Rate of increase in salaries (increase by 0.5%)	286	2	298	1	5,513	1
Rate of increase in pensions (increase by 0.5%)	1,516	12	4,448	10	39,226	8
Rate for discounting scheme liabilities (decrease by 0.5%)	1,825	14	4,774	11	49,038	9

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Cheshire West and Chester Council, the administering body, has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the forthcoming years. Funding levels are monitored on an annual basis. The next triennial valuation is in 2022. The Authority anticipated to pay £1.3m expected contributions to the Local Government Pension scheme in 2020/21.

33. Contingent Assets and Liabilities

As a result of the insolvency of a historic insurer, the Authority is aware of the possibility of future insurance claims which may lead to the Authority incurring liabilities which it is not possible to quantify.

GLOSSARY OF TERMS

ACCOUNTING POLICIES

The specific principles, bases, conventions, rules and practices applied by the Authority in preparing and presenting financial statements.

ACCRAULS

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

APPROPRIATIONS

Amounts transferred to or from revenue or capital reserves.

BALANCE SHEET

The Balance Sheet is fundamental to the understanding of the Authority's financial position at the year-end. It shows the Authority's balances and reserves, its long term indebtedness, and the non-current and current assets employed in the Authority's operations, together with summarised information on the non-current assets held.

BUDGET

A statement defining in financial terms the Authority's plans over a specified period. The budget is prepared as part of the process of setting the precept.

CAPITAL ADJUSTMENT ACCOUNT

Provides a balancing mechanism between the different rates at which assets are depreciated under the IFRS and are financed through the capital control systems.

CAPITAL EXPENDITURE

Expenditure on the acquisition of non-current assets such as land, buildings, vehicles and equipment which are of long term value, or expenditure which adds to and not merely maintains the value of existing assets.

CAPITAL FINANCING COSTS

Each service is charged with an annual capital charge to reflect the cost of non-current assets used in the provision of services.

CAPITAL FINANCING REQUIREMENT

This measures the underlying need to borrow to finance capital expenditure.

CAPITAL RECEIPTS

Money received from the sale of capital assets such as vehicles, which may be used to repay outstanding debt or to finance new assets.

CASH FLOW STATEMENT

Summarises the inflows and outflows of cash transactions and links the opening and closing balance sheet with the Comprehensive Income and Expenditure Statement for the year.

COLLECTION FUND ADJUSTMENT ACCOUNT

The collection fund adjustment account provides a mechanism for recognising the Authority's share of the Collection Fund surplus/deficits at year end.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CI&E)

The Comprehensive Income and Expenditure Statement reports the net cost of all of the activities of the Authority for the year and demonstrates how the cost has been funded by income from local taxpayers and grants from central government.

COMMUTATION

This is where a member of the pension scheme gives up part of their pension in exchange for an immediate lump sum payment.

CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core is concerned with the costs of corporate policy making and member based activities. Other costs relate to the general running of the Authority including corporate management, public accountability and treasury management.

CORPORATE GOVERNANCE

This is concerned with the Authority's accountability for the stewardship of resources, risk management, and relationship with the community. It also encompasses policies on whistle blowing, fraud and corruption.

COUNCIL TAX

The means of raising money locally which pays for Fire Authority services. This is a property based tax where the amount levied depends on the valuation of each dwelling.

CREDITORS

Amounts owed by the Authority for work done, goods received or services rendered, but for which payment has not been made at the balance sheet date.

CURRENT ASSETS

Items from which the Authority derives a benefit but which will be consumed or realised during the next accounting period, e.g. stocks, debtors, and cash.

CURRENT LIABILITIES

The sum of money owed by the Authority and due for payment during the next accounting period, e.g. short term borrowing and creditors.

DEBTORS

Sums of money due to the Authority for work done, goods sold or services rendered but not received at the balance sheet date.

DEFERRED LIABILITY

Amounts owed by the Authority for work done, goods received or services rendered, to be paid in predetermined instalments over more than one accounting period.

DEFINED BENEFIT SCHEME

A pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

DEPRECIATION

The measure of the wearing out, consumption, or other reduction in the useful economic life of a non-current asset, whether arising from use, passage of time, technological obsolescence or changes in demand for the goods and services produced by the asset.

ESTIMATION TECHNIQUES

The methods adopted by an entity to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves.

Estimation techniques implement the measurement aspects of accounting policies. An accounting policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at by using an estimation technique.

Estimation techniques include, for example:

- (a) Methods of depreciation, such as straight-line and reducing balance, applied in the context of a particular measurement basis, used to estimate the proportion of the economic benefits of a tangible fixed asset consumed in a period.
- (b) Different methods used to estimate the proportion of debts that will not be recovered, particularly where such methods consider a population as a whole, rather than individual balances.

EXPENDITURE AND FUNDING ANALYSIS

This links to the CIES and demonstrates how available funding has been used to provide services. This follows accounting practice and reports in accordance with the management reporting structure used for decision making purposes rather than legislative purposes.

FINANCIAL INSTRUMENTS

This is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another. The term covers both financial assets (e.g. loans receivable) and financial liabilities (e.g. borrowings).

FINANCIAL REPORTING STANDARDS

Documents issued by the Accounting Standards Board, setting out approved accounting treatment.

FINANCE LEASE

A finance lease is one that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee. It should be presumed that such a transfer of risks and rewards occurs if at the inception of a lease the present value of the minimum lease payments including any initial payment amounts to substantially all of the fair value of the leased asset.

FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT

Provides a balancing mechanism between the different rates at which discounts on the early repayment of debt are recognised under the SORP (statements of recommended practice) and are required by statute to be met from the general fund. It should be noted this reserve is matched by borrowings and investments within the Balance Sheet. They are not resources available to the Authority.

FUNDED PENSION SCHEME

A funded pension scheme is one in which the future liabilities for pension benefits are provided for by the accumulation of assets held externally to the employer's business.

GOING CONCERN

The concept that the Authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

GOVERNMENT GRANTS

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority, in return for past or future compliance with certain conditions relating to the activities of the Authority.

GROUP ACCOUNTS

Accounts prepared on a group basis where Local Authorities have interests in other bodies which are material in aggregate.

HERITAGE ASSETS

Heritage Assets are defined as assets preserved in trust for future generations because of their cultural, environmental or historical associations, which have historical, artistic, scientific, geophysical or environmental qualities, and which are held and maintained by the Authority, principally for the contribution to knowledge and culture.

IMPAIRMENT

A reduction in the value of a non-current asset below its carrying amount on the balance sheet.

INTANGIBLE ASSETS

These are assets that have no physical substance, for example, the purchase of computer software licences.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

These are the accounting standards that were adopted for 2010-11 onwards. IFRS are designed as a common global language for financial reporting so that organisation's accounts are understandable and comparable across international boundaries.

INTEGRATED RISK MANAGEMENT PLAN (IRMP)

This is the Authority's annual plan which is based on the current year of a four year strategy. The Plan is premised on ensuring that the Authority recognises risk and manages its resources to reduce potential impact on the communities which it serves.

INVENTORIES (formerly stocks)

The amount of unused or unconsumed stocks held in expectation for future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

LONG TERM BORROWING

Loans that are raised with external bodies, for periods greater than one year.

MEDIUM TERM FINANCIAL PLAN (MTFP)

Budget plan for the Authority for the next few years.

MINIMUM REVENUE PROVISION (MRP)

This is the amount which should be set aside from revenue as provision for debt repayment.

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in year on the different reserves held and identifies both usable and unusable. It links in with the Comprehensive Income and Expenditure Statement through the impact of the surplus or deficit on provision of services on the General Fund.

NET BOOK VALUE (NBV)

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current cost, less the cumulative amounts provided for depreciation and/or impairment.

NET CURRENT REPLACEMENT COST

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NON CURRENT ASSETS

Tangible assets yielding benefits to the Authority and its services for a period of more than one year.

NON DISTRIBUTED COSTS

Costs incurred by the Authority which are excluded from service costs. These include past service costs relating to changes in pension regulations, the costs associated with unused shares of ICT facilities, and impairment losses relating to assets under construction.

NON-OPERATIONAL ASSETS

Non-current assets held but not directly occupied, used or consumed in the delivery of services.

OPERATIONAL ASSETS

Non-current assets held and occupied, used or consumed by the Authority in the direct delivery of services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the Authority.

OPERATING LEASES

A lease other than a finance lease.

PENSION FUND ACCOUNT

The Fire and Rescue Authority is required to set up a separate fund from the rest of its operation for transactions relating to firefighter pension arrangements. The Authority has a formal responsibility for paying firefighter pensions. The fund is balanced to nil each year by the receipt of a pensions top-up grant from the Department for Communities and Local Government.

PRECEPT

An amount of money levied by one Authority (the precepting authority) which is collected by another Authority (the billing authority) as part of the council tax. The Fire Authority is the precepting Authority and the East Cheshire Borough Council, Cheshire West and Chester Council, Warrington Borough Council and Halton Borough Council are the billing authorities.

PRIOR PERIOD ADJUSTMENTS

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISIONS

An amount set aside to provide for a liability, which is likely to be incurred, but the exact amount and date on which the liability is due is uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)

The Public Works Loan Board is an independent and unpaid statutory body. PWLB consider loan applications from local authorities and other prescribed bodies and, where loans are made collect the repayments.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFFCUS)

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the CIES.

REMUNERATION

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

RESERVES

Amounts set aside to meet future obligations.

RETIREMENT BENEFITS

All forms of consideration given by the Authority 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:

- (a) The Authority's decision to terminate an employee's employment before the normal retirement date.
- (b) 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

This reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation, from holding non-current assets.

REVENUE EXPENDITURE

This is the day to day running costs the Authority incurs in providing the service. It is usually of a constantly recurring nature and produces no permanent asset.

REVENUE SUPPORT GRANT

This is Government grant in aid of the Authority's services generally. It is based upon the Government's assessment of how much the Authority needs to spend in order to provide a standard level of service.

RIGHT OF USE ASSET

These are assets which are leased by the Authority who have control over their usage and are represented as the Authority's asset in the Balance Sheet.

THE HOME OFFICE

The Home Office is a ministerial department of the Her Majesty's Government of the United Kingdom, which, from 5 January 2016 is responsible for Fire and Rescue Policy. This was a role previously undertaken by the Department for Communities and Local Government (DCLG).

UNFUNDDED PENSION SCHEME

A pension scheme in which liabilities for pension benefits are charged to the employer's revenue account in the year in which they arise and are not financed from investments held. The Authority operates such a scheme for its firefighters.

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

Report on the Audit of the Financial Statements

To be included in the final version

ANNUAL GOVERNANCE STATEMENT

To be included in the final version



ANNUAL GOVERNANCE STATEMENT

1. Scope of Responsibilities

- 1.1 Governance comprises the systems, processes, culture and values by which the Cheshire Fire Authority (the Authority) and Cheshire Fire and Rescue Service (the Service) direct and manage together, along with the activity through which they account to and engage with the people of Cheshire.
- 1.2 The Authority covers the four unitary areas of Cheshire East, Cheshire West and Chester, Halton and Warrington. The Authority is a separate legal body, with the power to set council tax and to set its own policies and procedures, without seeking the approval of these local councils. Each council appoints a number of elected Members to serve on the Authority. As an Authority Member, councillors represent the whole of Cheshire and are not just required to act as the formal representatives of their own council. The Authority as the governing body ensures that the Service operates in a lawful, open, inclusive and honest manner; making sure public money is safeguarded, properly accounted for and spent wisely; and has effective arrangements in place to manage risk.
- 1.3 Production of an Annual Governance Statement is a requirement under the Accounts and Audit Regulations (England) 2015 and helps to ensure that a reliable system of internal controls can be demonstrated.

2. The Governance Framework

- 2.1 The Authority is responsible for ensuring that business is conducted in accordance with the law, with openness and engagement with stakeholders and that risk is managed through robust internal control and strong public finance management to deliver effective accountability. The Authority has a Constitution, which sets out the governance framework that will assist in enabling the Authority and the Service to fulfil their statutory obligations. The Constitution is reviewed on a regular basis to ensure it remains up to date and relevant taking into account local and national changes in the way fire and rescue services operate.
- 2.2 The Authority's Constitution:
 - Explains the Authority's decision-making arrangements;
 - Sets out the responsibilities of elected Members and officers; and
 - Contains details of rules and controls.
- 2.3 Full details of the Constitution can be found on the website (www.cheshirefire.gov.uk).
- 2.4 The Governance Framework focuses on the Authority's strategic aims and objectives and includes:

Corporate

- The organisation's vision and purpose which drive the service planning, delivery, risk, project and performance management frameworks
- The Integrated Risk Management Plan (IRMP)
- Consultation Engagement and Communications Strategies
- A published set of core values

Committee Structure and Member Scrutiny

- The Authority's Constitution
- Established structure of Authority and Committee meetings, each with formal Terms of Reference (ToR)
- Scrutiny by Members e.g. Performance and Overview Committee responsible for thematic areas such as Finance, Equality & Diversity, Performance Management
- Crisis Management Plan – owned and scrutinised by Risk Management Board
- Local Code of Corporate Governance Action Plan reviewed by the Governance and Constitution Committee
- Published Anti-Fraud, Corruption, Whistle-blowing and Complaints policies and procedures
- Medium term financial forecasting and budget management processes
- Code of Conduct

Scrutiny and Reporting

- Integrated Corporate and Financial planning processes with regular reporting
- Treasury Management Strategy
- Risk Management Board – responsible for championing an effective Risk Management Policy and Framework – regular review of Strategic Risk Register
- Performance and Programme Board – responsible for monitoring and reviewing organisational performance including the Corporate Performance Scorecard setting out the Authority's key indicators and scrutiny of key projects and programmes
- Service Management Team – strategic direction for the Authority's IT delivery
- Information Governance arrangements

People

- Dynamic, intelligent training programme which is tailored to the development needs of the Authority's frontline staff
- Appraisal system and personal development programmes
- Established Health, Safety and Wellbeing policies – compliance Health, Safety and Wellbeing Board
- Health, Safety and Wellbeing Board review of fitness performance

- 2.5 For the purposes of financial reporting, the Authority has decided that the functions of an Audit Committee as those charged with governance, are exercised by the Authority meeting as a whole rather than be delegated to an Audit Committee. Internal audit activity is considered by the Performance and Overview Committee.
- 2.6 The above processes and meetings represent a standard year and have been followed until the outbreak of the Coronavirus pandemic. In response, the Government passed the Coronavirus Act 2020 on 25th March 2020 and introduced the ‘lockdown’ restrictions. Within this Act, provision was made for regulations to be issued to amend the legislation around authority meetings. These regulations - The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 – allow meetings to be held virtually.
- 2.7 In response to the above, the Authority amended and supplemented its constitution to enable virtual meetings to take place. The first such meeting was the Fire Authority which took place on 1st July 2020.

3. Internal Financial Controls

- 3.1 The objective of the internal financial controls is to maintain sound and proper financial arrangements; to explain why safeguards and controls are important and necessary; to profile a framework for financial management, which will enable, wherever possible, managerial and financial responsibilities to be aligned safeguarding all Members and officers.
- 3.2 The key documents that set out the internal financial controls are:
 - Financial Regulations – as set out in the Constitution
 - Scheme of Delegation – as set out in the Constitution
 - Treasury Management Strategy – approved by the Authority each year which sets out the Annual Investment Strategy, Borrowing Strategy and the Minimum Revenue Provision Statement
 - Treasury Management Practices – which set out the detailed processes and practices to be followed in order to deliver the Treasury Management Strategy
- 3.3 In addition to the above, there are a series of governance checks and controls carried out through the Finance and HR teams to ensure financial systems are operating effectively. These are supported by periodic Internal and External Audit reviews to provide appropriate assurance to those charged with governance or with the production of action plans where necessary. The Director of Internal Audit’s Opinion and their annual report for 2019/20 provide substantial assurance that there is a good system of internal controls designed to meet the organisation’s objectives and that controls are generally being consistently applied.
- 3.4 Further assurance is now provided through HM Inspectorate of Constabularies, Fire and Rescue Services (HMICFRS) which carried out its first annual assessment of fire and rescue services in 2018. This assessment examines the service’s effectiveness, efficiency and how well it looks after its people. It is designed to give the public information about how their local fire and rescue service is performing in several important areas, in a way that is comparable with other

services across England. The high-level ratings for the Service are shown below with further details available on the HMICFRS website (www.justiceinspectorates.gov.uk/hmicfrs).

	The extent to which the service is effective at keeping people safe and secure from fire and other risks is good .
	The extent to which the service is efficient at keeping people safe and secure from fire and other risks is good .
	The extent to which the service looks after its people requires improvement .

- 3.5 Due to the Coronavirus Pandemic, all inspections by HMICFRS have been suspended and therefore the above rating remains in place. It should be noted, however, that significant progress has been made on action plans created in response to the areas requiring improvement.
- 3.6 With the need to swiftly act in terms of responding to the fast paced changes brought about by the pandemic, the suspension of some procurement rules were agreed with the Treasurer. These allowed immediate procurement of vital protective equipment etc., without delay, to support the Service's response to the pandemic. All such purchases were recorded and regularly reported to the COVID-19 Meeting (attended by the Service Management Team).

4. Good Governance in the Fire Service

- 4.1 In 2016, CIPFA, in association with various groups including representation of fire and rescue services, issued best practice guidance on Delivering Good Governance. It sets out seven principles of good governance which are illustrated below:



4.2 The ethos of the above is for principles A and B to permeate the implementation of principles C to G. It also illustrates that good governance is dynamic and that an organisation as a whole should be committed to continually improving through a process of evaluation and review. Each principle is considered from the Authority's and Service's perspectives.

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

5.1 Core Values inspire and guide how teams behave. They set out a platform to guide our current and future activities and help achieve our organisational priorities. The previous Core Values were introduced ten years ago and a review has been undertaken to assess whether these values are still relevant and would stand the test of time for future aspirations of the Service.

5.2 Staff have been at the heart of the development of the new Core Values through conferences, a staff engagement forum and the last staff survey. This engagement was a vital part of the review as one of the main aims was to ensure the Core Values remained relevant so that the Service and individuals could identify with them.

5.3 As a result of the review, the new set of Core Values have been developed and approved by the Authority. They are:

- **Be inclusive** – by acting fairly, with integrity, respect and without prejudice
- **Do the right thing** – by holding each other to account for ensuring high standards of professionalism in everything we do
- **Act with compassion** – by being understanding and offering help to each other and to our communities with warmth, patience and kindness
- **Make a difference** – by making an impact in our organisation and in our communities in whatever ways we can, for as many people as we can

5.4 The Director of Governance and Commissioning is the Authority's Monitoring Officer as set out in section 5 of the Local Government and Housing Act 1989, whose role is to advise on the rule of law and ensure decision making is legally sound. The Monitoring Officer is a qualified solicitor and is supported by the Joint Legal Services Team that includes a number of professionally qualified legal officers.

5.5 The Treasurer is the Authority's "Chief Financial Officer", as defined by CIPFA and as set out in section 151 of the Local Government Act 1972, whose role is to ensure the proper administration of the Authority's financial affairs. The Treasurer is a qualified accountant and is supported by the Head of Finance (who is also the Deputy S151 Officer) and by the Joint Finance Team that includes a number of professionally qualified finance officers.

5.6 The two Statutory Officers have collective meetings on a regular basis with the Chief Fire Officer and Chief Executive to ensure that robust governance arrangements are maintained and to consider potential future policy decisions, ensuring that these are consistent with available resources. These Statutory Officers, or their representatives, review all proposals that are to be submitted to meetings of the Authority and its various Committees and these officers, or their representatives, attend such meetings.

- 6. Principle B: Ensuring openness and comprehensive stakeholder engagement**
- 6.1 The Authority has a clear Consultation Strategy that sets out how and when it will consult with communities and other stakeholders. The Community Engagement Strategy includes guiding principles and explains how the Service will engage with its communities.
- 6.2 The Integrated Risk Management Plan (IRMP) sets out how the Authority intends to deliver the services over a period, and is widely consulted on before it is finalised and approved by the Authority. The IRMP sets out the rationale behind planned activity including current performance and forecasts. The IRMP essentially reviews the effectiveness of previous activity and highlights any areas of focus for the future. An annual action plan is created.
- 6.3 Consultation with stakeholders includes both staff and public events at various venues, a web-based questionnaire and consultation with stakeholders during which the proposed plans are put forward and feedback is requested. The results of consultation are published on the website and reported to Members before the IRMP is finalised and approved.
- 6.4 Working in partnership with others is a key part of the Authority's ethos. For example, the Blue Light Collaboration involved bringing together most of the back office and professional services, which support the Service and Cheshire Constabulary in a single, shared headquarters site at Clemonds Hey, Winsford. At the same time, the Police and Crime Commissioner for Cheshire now has been given the right to attend Authority meetings.
- 6.5 As part of the virtual meeting arrangements brought in as a response to the pandemic mentioned in paragraph 2.7, members of the public are able to access Authority meetings from the Service's YouTube account.
- 7. Principle C: Defining outcomes in terms of sustainable economic, social & environmental benefits**
- 7.1 The Service's vision is a Cheshire where there are no deaths, injuries or damage from fires and other emergencies. The Integrated Risk Management Plan (IRMP) explains the approach the Authority will take to support this vision, given the context in which the Service operates, and sets out the planned activity to deliver and achieve the intended outcomes.
- 7.2 The IRMP specifies which activity will take place in each year, what the result will be and when there may be an impact. Performance indicators are agreed, setting out the projected performance and reported to Members and the public in line with the approved corporate planning and reporting timelines. The Service approach to risk is explained in its risk management policy, which is reviewed every three years, and risks to key projects are outlined and managed through the project management framework.
- 7.3 A Medium Term Financial Plan is produced annually, reviewed regularly and updated as necessary setting out the financial assumptions and demands upon the Service to highlight budgetary pressures and set out options to address any funding shortfalls to ensure sustainability. The Plan is supplemented by a Capital Strategy and Reserves Strategy.

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

- 8.1 The Constitution sets out a decision making framework which ensures that all decisions are supported by all relevant information, including financial, legal and other appropriate professional advice, that available options are considered and that internal and external stakeholders are consulted. All decisions are formally recorded and published subject to confidentiality requirements.
- 8.2 Progress against planned activity and projects is monitored and risks are reviewed regularly and reported quarterly to Performance and Overview Committee. Quarterly reports also include performance against targets for Key Performance Indicators (KPIs) as well as financial and project performance. If the circumstances in which the Service operates change, activity can be adapted accordingly. Decisions affecting Service delivery are delegated to officers in order to ensure they are able to react to changing circumstances quickly.
- 8.3 KPIs are set as part of the planning process and reported on every quarter. A Corporate Scorecard is produced showing performance against each of the KPIs. The corporate scorecard is published on the public website and the annual report is produced detailing the activity and performance of the Service. The following is an extract from the scorecard.

	Actual	Target	Q4 Year on year	Q4 2018
Deaths in Primary Fires	6	0	↑	1
Injuries in Primary Fires	39	51	↓	57
Accidental dwelling fires	318	371	↓	363
- % starting in kitchens	179 (56%)		↓	190 (52%)
- % in homes with residents over pensionable age	60 (19%)		↓	63 (17%)
Deliberate fires (Primary and Secondary)	928	1,084	↓	1,083
Fires in Non Domestic Premises	163	166	↓	166
AFAs in Non Domestic Premises	514	465	↑	434

- 8.4 KPI data is generated from various internal systems and analysed by the Business Intelligence Team. The Team works closely with the Prevention, Protection and Service Delivery teams to provide data and analysis that highlights any current issues or emerging trends so that activity can be targeted and resources deployed effectively.
- 8.5 Budgets are prepared in accordance with the priorities set out in the IRMP and Medium Term Financial Plan which integrates and balances priorities, affordability and other resources. This ensures the budget process is all-inclusive, taking into account all costs of operations over the medium and long term.
- 8.6 Performance against budgets is monitored by the Performance and Programme and Budget Management Boards, which examine the progress against planned activity and spend against set budgets.

9. **Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**
- 9.1 The Authority has carried out a 'Whole Service Review' to align the provision of services to future resources and priorities. The review was developed using the Service's Community Risk Management model and was informed by incident data, risks, statistics, information sources and feedback, as well as the outlook for public finances. The outcome of this extensive review has informed the recently approved IRMP.
- 9.2 Ensuring the all firefighters are appropriately trained is a key priority developing and maintaining their skills, safety and capabilities. One way that this is achieved is through the Incident Command Training Suite (ICTS).
- 9.3 The suite is designed to provide all incident commanders with the opportunity to develop and practice the full range of decision-making skills required in the most realistic training environment possible. While there is always a need for practical skills training in using equipment to fight fires and rescue people from vehicles, the use of virtual reality facilities is also a vital element now and in the future.
- 9.4 The Authority approved the building of a firefighter training centre at its Sadler Road site. It will provide a state-of-the-art firefighter training centre that is fit for the future. The new training facility will provide ground-breaking technology and provide real-life scenarios, ranging from serious motorway collisions to dealing with building fires, keeping our firefighters highly-skilled and equipped to deal with a myriad of life-saving situations. Although the pandemic has had some impact on the building works, it is anticipated that the centre will be operational early in 2021.
10. **Principle F: Managing risks & performance through robust internal control and strong public financial management**
- 10.1 There is a Risk Management Policy and Practitioner Guide used throughout the Service which is applied to projects, programmes and some planned departmental activity. All strategic risks are reviewed quarterly by the risk owners and six monthly by the Risk Management Board (RMB).
- 10.2 There is a well-established network of Risk Champions who promote good practice and ensure that risk is considered locally as part of regular team meetings. This network gains some real value in sharing of best practice and acting as a 'peer group' in the management and maintenance of risk.
- 10.3 Members and officers at all levels of the Authority recognise that risk management is part of their day to day job. An owner is allocated to risks on the risk register and they are responsible for regularly reviewing and managing the risks to which they are assigned. Risk training is scheduled every two years and forms part of the Member development and induction programmes.
- 10.4 With the high level risks of the pandemic and the speed with which changes were made in response to the virus, there was an increase in risk to officer safety; operational cover and provision; and the financial impact on the organisation. In response, the Authority set up a COVID-19 Group which initially met daily. This Group provides strategic direction and guidance

and agrees policies to allow the organisation to deliver operational functions and those additional services that can safely be delivered during the pandemic.

- 10.5 Health and Safety risks are robustly managed via the Health and Safety Policies and Procedures and by the application of Standard Operating Procedures that are regularly reviewed and updated as necessary.
 - 10.6 Within the strategic risk register, identified risks are scored based on both probability and level of impact, the outcome of which is rated using a Red, Amber and Green basis.
 - 10.7 The Service's Performance and Programme Board (members of the Service Management Team) receives a quarterly review of performance against KPIs. The Board is responsible for monitoring and reviewing progress against performance targets and ensuring that action is taken wherever possible if targets are not being met. The performance reviews are also reported to the Performance and Overview Committee.
 - 10.8 Financial performance is also reported to the Performance and Overview Committee on a quarterly basis. Budget Managers are provided with detailed information monthly and all financial activity is subject to audit. The Director of Internal Audit provides an annual assurance statement together with the External Auditor's Annual Audit Letter both of which are published together with the Statement of Accounts on the website.
 - 10.9 The use and disclosure of personal data is governed in the United Kingdom by the Data Protection Act 2018 (the Act) and the General Data Protection Regulation (GDPR). The Chief Fire Officer is a 'data controller' for the purposes of the Act and ensures that Cheshire Fire and Rescue Service handles all personal data in accordance with the Act.
- 11. Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability**
- 11.1 The Corporate Communications Strategy sets out the approach the Service will take to communicating with the public and other stakeholders. It recognises the need for different approaches for different audiences and the increased use of social media as a communications tool.
 - 11.2 The Service's website includes details of performance, strategy, plans, financial statements and Annual Report. The Annual Report highlights key challenges and achievements from the year and includes performance and financial information set out in a simple but informative way. Members and Senior Management agree the report before it is published.
 - 11.3 The process for assessing the Authority against this framework is agreed by the Governance and Constitution Committee. Evidence is reviewed yearly and an action plan is maintained highlighting areas for improvement. Progress against the action plan is reported to the Service Management Team and to Governance and Constitution Committee. The framework and the evidence supporting the assessment is included in the annual Statement of Assurance. Internal Audit review the assessment and evidence against at least two of the sections of the Code of Corporate Governance Framework each year and make recommendations for improvement accordingly.

- 11.4 As a public service organisation, the Fire Authority will use public funds prudently and apply the highest standards of conduct throughout the organisation. Under the remit of the Governance and Constitution Committee, the Authority has an Anti-Fraud Policy and Whistleblowing Policy and Procedure (Confidential Reporting) in support of this aim.
- 11.5 External assurance in terms of accountability is provided by both Internal and External Audit, HMICFRS reviews and partner reviews of collaborations. The Director of Internal Audit carries out his role in accordance with guidance issued in the CIPFA Statement on the role of the head of internal audit (2010). The overall Director of Internal Audit's opinion for the period 1st April 2019 to 31st March 2020 provides Substantial Assurance, confirming that there is a good system of internal control designed to meet the system objectives, and controls are generally being applied consistently.

12. **Review of Effectiveness**

- 12.1 As part of the on-going governance roles, each of the above principles is reviewed and evidence sourced to show effectiveness in terms of communications, actions, policies and procedures. This evidence is scrutinised and challenged by the Treasurer together with the Director of Governance and Commissioning.
- 12.2 These statutory roles have the responsibility to ensure the Authority has a sound system of governance (incorporating the system of internal control) and as such maintain the Authority's Code of Governance including financial regulations.

12.3 **Report on Areas for Action during 2019/20**

Within the 2018/19 Annual Governance Statement, the review of effectiveness identified three areas where further action was required. The following re-visits the actions and reports on the outcome in 2019/20.

Financial Sustainability – forecast of reducing funding in addition to decisions taken around service delivery will require savings. To achieve these whilst maintaining expected levels of service to the public will require a Whole Service Review. (Action Owners: Chief Fire Officer and Chief Executive and Treasurer)

UPDATE: The Whole Service Review was requested by the Authority to align the provision of services across our prevention, protection and response functions to future risks, resources and priorities. The review sets the future direction of the Service for the years from 2020-2024. It was developed using our Community Risk Management model and informed by incident data, risks, statistics, information sources and feedback, as well as the outlook for public finances.

The Review was developed with the feedback of trade unions, staff and fire authority members, as well as considering feedback from previous public consultations. It incorporates and expands on previous reviews and has been reflected in the current IRMP.

In addition, the Service has introduced Priority Based Budgeting that analyses in-depth each department's resources and service provision to ensure budget is aligned to the approved priorities as set out in the IRMP.

People – HMICFRS reported that the service should improve the way it looks after its people. In particular, it must do better at promoting the right values and culture; and ensuring fairness and promoting diversity. To address these issues, the Service will produce a People Strategy and undertake Exit interviews to provide learning for retention purposes. (Action Owners: Director of Transformation and Head of Human Resources)

UPDATE: A People Strategy has been approved and new Core Value have also been adopted. A process exists to encourage the completion of exit interviews.

Collaborations – HMICFRS reported that this was an area for improvement. Its main concerns centred upon a consistent approach to the effective monitoring, review and evaluation of the benefits and outcomes of collaboration. In response the Service will prepare an Action Plan concerned with existing collaborations and approach to future collaborative activity. (Action Owner: Director of Governance and Commissioning)

UPDATE: A Collaboration Strategy has been approved. Evaluations of key collaborations have been taking place, with others evaluations due to take place. There is an ongoing focus on the Blue Light Collaboration arrangements.

12.4 Areas for Action in 2019/20

The governance framework, internal controls and application of the principles have been reviewed during 2019/20 with the following areas highlighted as risks together with the mitigating actions required.

Coronavirus

The Service has, like all organisations, been significantly impacted by the pandemic. Whilst it has had very low sickness levels and seen no impact on its front-line operational capabilities, a range of its other core activities, e.g. prevention and protection, have been curtailed.

Action:

A robust recovery plan is being created, which will be communicated and delivered as appropriate.

The Medium Term Financial Plan will need to be updated regularly as the financial scenario becomes clearer.

Nationally-led Change

The fire and rescue sector is anticipating significant change in the near future. HMICFRS inspections and events like the Grenfell Tower tragedy have created an interest in fire and rescue services and an impetus for change.

Action:

The Service Management Team will monitor developments and allocate responsibility to appropriate officers. The teams that are impacted will be suitably resourced in order to respond effectively.

Collaborations

Whilst an action plan was created to respond to the area for improvement, not all aspects have been completed at this point, e.g. not all key collaborations have been assessed.

Action:

To complete the actions contained in the action plan and embed the practices that are required in order to support the effective delivery of activities carried out through collaboration.

13. Summary

- 13.1 We propose over the coming year to take steps to address the issues identified above to enhance further the governance arrangements. We are satisfied that these steps will address the need for improvement as identified in the review of effectiveness and will monitor their implementations and operation as part of the next annual review.

Signed

Cllr Bob Rudd
Chair of Fire Authority

Mark Cashin
Chief Fire Officer and Chief Executive

Andrew Leadbetter
Director of Governance and Commissioning

On behalf of the Members of Cheshire Fire Authority and officers of Cheshire Fire and Rescue Service.



Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB
DATE

Dear Sirs

Cheshire Fire Authority
Financial Statements for the year ended 31 March 2020

This representation letter is provided in connection with the audit of the financial statements of Cheshire Fire Authority for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

1. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
2. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
3. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
4. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.



Cheshire Fire Authority

5. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and we acknowledge the material valuation uncertainty the valuer has noted in the Authority's valuation report. This is on the basis of uncertainties in markets caused by Covid-19 and we are satisfied that there have been no material impairment of asset values as assessed by the valuer. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements.
6. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
7. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
8. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
9. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
10. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
11. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. We have not adjusted the financial statements for these misstatements brought to our attention as are immaterial to the results of the Authority and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
12. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
13. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
14. We have updated our going concern assessment and cashflow forecasts in light of the Covid-19 pandemic. We continue to believe that the Authority's financial statements should be prepared on a going concern basis and have not identified



any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Authority's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

15. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Council via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic, from whom you determined it necessary to obtain audit evidence.
16. We have communicated to you all deficiencies in internal control of which management is aware.
17. All transactions have been recorded in the accounting records and are reflected in the financial statements.
18. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
19. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council, and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
20. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
21. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
22. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.
23. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.



Annual Governance Statement

24. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

25. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Authority at its meeting on 7 October 2020

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Authority



Cheshire

Fire Authority

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £'000	Impact on total net expenditure £'000	Reason for not amending
Fair value of PWLB Loans overstated in disclosure note 13 £111k	nil	nil	nil	Management do not consider this difference to be material to a readers understanding of the financial statements. The liability is measured and reported correctly in the balance sheet.
Overall impact	Nil	Nil	nil	

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Agenda Item 4

CHESHIRE FIRE AUTHORITY

MEETING OF: CHESHIRE FIRE AUTHORITY
DATE: 7TH OCTOBER 2020
REPORT OF: DIRECTOR OF GOVERNANCE AND COMMISSIONING
AUTHOR: ANDREW LEADBETTER

SUBJECT: STATEMENT OF ASSURANCE 2019-20

Purpose of Report

1. To present Members with the Statement of Assurance 2019-20 for approval.

Recommended: That Members

- [1] Approve the Statement of Assurance 2019-20, with the Chief Fire Officer and Chief Executive authorised to make any updates/final changes to the document.

Background

2. The Fire and Rescue National Framework for England 2018 (the Framework) requires fire and rescue authorities to publish a Statement of Assurance (the Statement).
3. The Framework says that the Statement should:

“...outline the way in which the authority and its fire and rescue service has had regard... to this National Framework, the Integrated Risk Management Plan ... prepared by the authority for that period. The authority must also provide assurance to their community and to government on financial, governance and operational matters.”

4. The guidance on the preparation of statements of assurance indicates that existing assessment processes might feed into the statements in order to avoid duplication and this draft Statement contains a summary of, and a link to, the various other documents including the Annual Governance Statement.
5. This draft Statement was presented to the Governance and Constitution Committee on the 29th July 2020 and Members agreed that it should be presented to the Fire Authority for approval prior to being published.

Information

6. The Statement for 2019-20 is attached to this report as Appendix 1. A few minor inconsequential amendments and anticipated updates have been made since the statement was considered by Governance and Constitution Committee.

7. The Statement has been prepared in accordance with national guidance. It includes sections on financial assurance, governance and operational assurance. It also outlines the way in which the Authority has had regard to the Framework. A new version of the Framework was published in May 2018 and the Statement provides evidence to show that the Authority complies with its requirements. The final section of the Statement provides information about the outcomes from the first HMICFRS inspection. This was added last year to provide further evidence of the Authority's performance.
8. The guidance about the preparation of statements of assurance suggests that where authorities have already set out relevant information that is clear, accessible, and user-friendly within existing documents they may wish to include extracts or links to these documents within their statement of assurance. The Statement includes extracts or links to many of the existing key documents and policies such as the Integrated Risk Management Plan, the Annual Governance Statement, the Statement of Accounts and the HMICFRS report.
9. The Corporate Scorecard for 2019/20 has been included together with the opinion of the internal auditor. The opinion of the external auditor will be added once it is available.

Financial Implications

10. There are no financial implications arising from this report.

Legal Implications

11. Under section 21 of the Fire and Rescue Services Act 2004 the Secretary of State must prepare a Fire and Rescue National Framework. Paragraph 4.6 of the current Framework requires each fire and rescue authority to produce an annual Statement of Assurance.
12. The Statement will be used as a source of information on which to base the Secretary of State's biennial report under section 25 of the Fire and Rescue Services Act 2004.
13. The Statement should be signed off by an elected member of the Fire Authority who is able to take responsibility for its contents. The Chair of the Authority will be asked to sign the Statement, together with the Chief Fire Officer and Chief Executive. They formally declare that they are satisfied that the arrangements are adequate and operating effectively and meet the requirements of the Framework.

Equality and Diversity Implications

14. There are none.

Environmental Implications

15. There are none.

**CONTACT: DONNA LINTON, GOVERNANCE AND CORPORATE PLANNING
MANAGER
TEL [01606] 868804**

BACKGROUND PAPERS: STATEMENT OF ASSURANCE 2019-20

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Cheshire
Fire Authority

Statement of Assurance 2019-20

www.cheshirefire.gov.uk

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1. Foreword

Cheshire Fire Authority recognises the importance of having good management, effective processes and appropriate controls in place to deliver services to the communities of the boroughs of Cheshire East, Cheshire West and Chester, Halton and Warrington.

Fire authorities are accountable for their performance and should be open to evaluation by the communities they serve. By producing this Statement of Assurance, we aim to provide information to communities, government, local authorities and other partners which will allow them to make a valid assessment of our performance

Overall we are satisfied that the Authority's financial, governance and operational assurance arrangements are adequate and operating effectively and meet the requirements detailed within the Fire and Rescue National Framework for England.

Cllr Bob Rudd
Chair
Cheshire Fire Authority



Mark Cashin
Chief Fire Officer and Chief Executive
Cheshire Fire and Rescue Service



2. Introduction

The Statement of Assurance is published annually to provide an easy and accessible way for communities, government, local authorities and partners to make a valid assessment of the Authority's performance and governance arrangements.

The Authority is required to publish an annual Statement of Assurance as part of the Fire and Rescue National Framework for England.

Fire and Rescue authorities must provide annual assurance on financial, governance and operational matters and show how they have had due regard to the expectations set out in their Integrated Risk Management Plan (IRMP) and the requirements included in the Framework. To provide assurance, fire and rescue authorities must publish an annual Statement of Assurance.

The Statement of Assurance may include any potential improvements the Authority has identified across its accounting, governance or operational responsibilities and any plans to achieve the improvements.

National guidance on the content of Statements of Assurance published in May 2013 suggests that where authorities have already set out relevant information that is clear, accessible and user friendly within existing documents, they may wish to include extracts or links to these documents within their Statement of Assurance. This Statement includes extracts or links to key documents, where relevant.

3. Financial Assurance

The Authority is responsible for ensuring public money is properly accounted for and used efficiently and effectively.

Annual Statement of Accounts

Cheshire Fire Authority provides financial assurance through the publication of the Annual Statement of Accounts. This is a statutory requirement under the [Accounts and Audit \(England\) Regulations 2015](#) and the accounts are prepared following the *CIPFA Code of Practice on Local Authority Accounting*. The financial statements are subject to review by independent auditors as directed by the [Audit Commission Act 1998](#).

The Treasurer is responsible for ensuring the right controls are in place to ensure that financial assets are properly managed, financial reporting is accurate and that the Annual Statement of Accounts is prepared in accordance with statutory requirements.

Annual Governance Statement

The [Annual Governance Statement](#), which is a requirement under the Accounts and Audit Regulations (England) 2015 and which is published as part of the Annual Statement of Accounts, sets out the systems and procedures that are in place to ensure that the Authority's resources are used in accordance with the law and provide best value for the taxpayer.

Transparency

In addition to the statutory requirement to publish annual financial results, the Authority is committed to increasing transparency. The Authority has adopted the best practice guidance set out in the Local Government Transparency Code 2015 as far as is practical and publishes key documents and information on the Authority's website regarding how money is being spent. This includes details of payments for goods and services to external bodies and suppliers above £500, details of salaries and allowances paid to staff and Members and tender and procurement information.

[Transparency](#)

[Local Government Transparency Code 2015.](#)

Auditors

Grant Thornton Limited Liability Partnership is the appointed external auditor for Cheshire Fire Authority and is responsible for completion of the following assurance activities:

- Audit of the 2019-20 financial statements
- Opinion on the Authority's accounts
- Value for Money conclusion

The Internal Audit function for 2019-20 was provided by Mersey Internal Audit Agency (MIAA). A number of audits were commissioned in line with the Authority's risk profile which provided an independent assurance level on the Authority's control frameworks.

Key evidence links
<u>Accounts and Audit (England) Regulations 2015</u>
<u>Local Audit and Accountability Act 2014 Statement of Accounts</u>
<u>Annual Governance Statement</u>
<u>Efficiency plan 2015/16-2019/20</u>
<u>Medium Term Financial Plan</u>
<u>Transparency</u>
<u>Local Government Transparency Code 2015.</u>

4. Governance

The Authority's governance arrangements and framework aim to ensure that in conducting its business it:

- Operates in a lawful, open, inclusive and honest manner.
- Makes sure public money is safeguarded, properly accounted for and spent wisely.
- Has effective arrangements in place to manage risk.
- Meets the needs of the communities of Cheshire East, Cheshire West and Chester, Halton and Warrington.
- Secures continuous improvements in the way it operates.

Annual Governance Statement

The Authority is required to produce an “**Annual Governance Statement**” (AGS) which is published as part of the Annual Statement of Accounts. The AGS is an expression of the measures taken by the Authority to ensure appropriate business practice, high standards of conduct and sound governance. It explains how the organisation manages its governance and internal control arrangements and measures the effectiveness of those arrangements.

The [AGS](#) for the period 1st April 2019 to 31st March 2020 is published on the Authority’s website within the Annual Statement of Accounts.

Local Code of Corporate Governance

CIPFA published a new version of the framework ‘Delivering Good Governance in Local Government’ in 2016. This best practice guidance sets out seven principles of good governance A to G which are illustrated below, and each principle is considered in the AGS:



How the Authority Works

Cheshire Fire Authority

The Authority has responsibility for ensuring that its business is conducted in accordance with the law and that proper standards are in place.

The Authority was created in 1997 by the Cheshire Fire Services (Combination Scheme) Order. It is made up of twenty-three elected Members appointed by the constituent authorities of Cheshire East, Cheshire West and Chester, Halton and Warrington Borough Councils. There are also two non-elected independent members who act in an advisory role.

In 2017 the Authority enabled the Police and Crime Commissioner for Cheshire (PCC) to attend and speak at its meetings. This was intended to help develop further integration of those services and assets that are the responsibility of the Authority and the Police and Crime Commissioner. In March 2020 the Combination Scheme was amended by the Government to allow the PCC to sit as a Member of the Authority with voting rights if he makes a formal request to do so and if the Authority agrees to the request.

In discharging the statutory responsibilities of the Authority, Members and senior officers are responsible for ensuring that proper governance arrangements are in place. These demonstrate good management of the Authority's key risks in accordance with legislation and appropriate standards.

The **Constitution** of the Authority covers:

- An explanation of key documents produced by the Fire Authority
- Members decision making bodies
- Procedural matters
- Outside bodies
- Members roles
- Protocols
- Members Code of Conduct
- Members allowances
- Financial regulations
- Scheme of Delegation

The Authority's committee structures allow Members to consider key polices and to monitor performance. The Authority has an effective strategic and financial planning process which includes rigorous review and challenge by Members.

The Authority operates with the following main Committee structure:

- Performance and Overview Committee
- Governance and Constitution Committee
- Brigade Managers Pay and Performance Committee
- Staffing Committee
- Estates and Property Committee

Terms of Reference for each Committee are subject to regular review.

Member Champions are assigned to a number of thematic areas to provide additional scrutiny and challenge; these include risk, equality, young people, older people, pensions, finance and the environment.

The Service Management Team (SMT) Structure

The operations of the Authority are directed through a clear leadership and management structure with defined roles and responsibilities. The Service Management Team is comprised of:

- Chief Fire Officer and Chief Executive
- Two Assistant Chief Fire Officers
- Director of Governance and Commissioning
- Treasurer
- Director of Transformation
- Heads of Department

Monitoring Officer:

During the 2019-20 financial year the Director of Governance and Commissioning fulfilled the statutory role of Monitoring Officer for the Authority, ensuring all actions taken were lawful.

Treasurer/Section 151 Officer:

The Joint Corporate Services Head of Finance has responsibility for day to day financial management in accordance with CIPFA guidance with the Treasurer/Section 151 Officer employed by the Fire Authority responsible for the matters set out in Section 151 of the Local Government Act 1972.

Integrated Risk Management Plan (IRMP)

Each year Cheshire Fire Authority has created a plan called the IRMP which assesses local fire and rescue related risks and details how these will be addressed. The IRMP is published on the Authority's website.

In 2019 the Authority decided to produce a four year IRMP covering the period 2020-2024.

Vision and Mission

The Authority's **vision** is defined as

"A Cheshire where there are no deaths, injuries or damage from fires or other emergencies"

and it's **mission**

"To help create safer communities, to rescue people and protect economic, environmental and community interests"

Core Values

The Authority also has a set of values and behaviours to define what is expected of everyone involved with Cheshire Fire and Rescue Service.

Following consultation and engagement with staff new Core Values were introduced in March 2020.

These **Core Values** are:

Be Inclusive: By acting fairly, with integrity, respect and without prejudice

Do the Right Thing: By holding each other to account for ensuring high standards of professionalism in everything we do

Act with Compassion: By being understanding and offering help to each other and to our communities with warmth, patience and kindness

Make a Difference: By making an impact in our organisation and in our communities in whatever ways we can, for as many people as we can

Performance Management: How we performed during 2019 – 2020

As part of the corporate planning process the Authority measures and monitors performance using a range of Key Performance Indicators (KPIs) that are also used to compare performance against other fire and rescue authorities in England.

Achievements against these indicators are scrutinised quarterly by the Performance and Overview Committee and Performance and Programme Board and annually by the Fire Authority.

Performance relating to the handling of calls by North West Fire Control is also monitored quarterly, in line with agreed standards.

An Annual Report is produced in September each year setting out how the Authority has performed over the last 12 months.

Performance information can be accessed in the Performance section of the Authority's website.

Auditors

Internal Audit:

The Authority's Internal Audit function for 2019-20 was outsourced to Mersey Internal Audit Agency (MIAA). A risk-based internal audit plan and three-year strategy was agreed by senior management and approved by the Authority in 2018. A number of audits were

TO BE UPDATED PRIOR TO PUBLICATION

Statement of Assurance 2019-20

commissioned in line with our risk profile and appetite which provided an independent assurance level on the Authority's control frameworks.

The internal audit team completed a number of compliance and assurance audits during 2019-20 aligned to the approved internal audit plan, which have generally resulted in positive opinions with a small number of recommendations made as a result of their findings. Action plans have been put in place to deal with any issues found during the audits.

Internal Audit Opinion 2019-20:

Director of Internal Audit Opinion:

Substantial Assurance, can be given that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.

External Audit:

The Authority has appointed Grant Thornton as external auditors and established protocols are in place for working with External Audit.

External Audit Opinion 2019-20:

Opinion

TO BE INSERTED

Conclusion

TO BE INSERTED

Key evidence links

- [Delivering Good Governance 2016](#)
- [Local Code of Corporate Governance](#)
- [Principals A-G](#)
- [Annual Governance Statement](#)
- [Integrated Risk Management Plan](#)
- [CFRS Vision, Mission, Core values](#)
- [Constitution](#)
- [Annual Report for 2019](#)
- [Corporate Scorecard 19/20](#)
- [Internal Audit Opinion](#)

5. Operational Assurance

The Fire and Rescue Services National Framework for England outlines the requirement placed upon fire and rescue authorities to provide assurance on operational matters which are determined locally by them.

Statutory Responsibilities

Fire and Rescue Authorities function within a clearly defined statutory and policy framework. The Authority is required to comply with a range of laws, regulations and guidance. Links to some of the key legislation/guidance can be accessed below:

- [Fire and Rescue Services Act 2004](#)
- [Civil Contingencies Act 2004](#)
- [Regulatory Reform \(Fire Safety\) Order 2005](#)
- [Fire and Rescue Services \(Emergencies\) \(England\) Order 2007](#)
- [Localism Act 2011](#)
- [Fire and Rescue National Framework for England 2018](#)
- [Local Government Act 1999](#)
- [Health & Safety at Work Act 1974](#)
- [Policing and Crime Act 2017](#)

To ensure that the Authority can demonstrate how it complies with this statutory and policy framework a number of detailed assessments are undertaken.

- Progress against the Authority's Health and Safety policy/framework is regularly presented to the Health, Safety and Wellbeing Committee.
- The Authority regularly assesses operational capability against risks in the area covered by the Authority to ensure that the right resources, procedures and skills are available to respond to incidents within target response times.
- The Authority undertakes an annual review of operational risk and performance, supplemented by scrutiny at quarterly Member and officer meetings.
- The Risk Management Board monitors and scrutinises strategic risks.

Corporate Planning

There is a robust corporate planning process in place which facilitates the development of the Integrated Risk Management Plan (IRMP).

Integrated Risk Management Plan (IRMP)

Fire authorities must produce an IRMP which assesses local fire and rescue related risks and details how these will be addressed. The IRMP takes account of the requirements of the Fire and Rescue National Framework and outlines the key risks and influences facing Cheshire and how the Authority is currently structured to address them.

The Authority has outlined its plans for 2020-24 in its Integrated Risk Management Plan "Saving Lives, Changing Lives, Protecting Lives". This was approved by the Authority in July 2020 following a period of public and staff consultation.

Community Risk Management

Through its Community Risk Management (CRM) Model, the Service undertakes risk and performance analysis in order to ensure that strategic, tactical and operational activities are intelligence-led and evaluated. This is achieved by using specialist systems, software, data and skills delivered by the Joint Corporate Service Business Intelligence team located at Clemonds Hey.

Unitary Area Plans

In addition to, and complementing the IRMP, each council area has a Unitary Performance Group (UPG) involving local Fire Authority members in performance management. The UPG meets quarterly to scrutinise data and performance. Unitary Area Plans are developed for each unitary area. Each plan is unique to that area and contains the actions the Unitary teams will take in order to mitigate risk and improve community safety. These plans are informed by the Community Risk Management Model which brings together historic incident data, demographic, commercial and external risk factors.

Stakeholder Engagement

The Authority is committed to involving all of its stakeholders in the development of its strategies and plans. It encourages this by carrying out a comprehensive annual consultation programme on its draft IRMP. Local communities, partners, staff, representative bodies and other stakeholders are invited to comment to ensure that before any decision is taken a broad range of views are taken into account. To enable active and informed participation, data and information relevant to the plan is made available to the public on the Service's website and via social media, in consultation packs, which are distributed at community roadshow events held across Cheshire, and also at key local stakeholder forums and meetings.

Fire Prevention (Community Safety)

The Authority has a risk based approach to prevention. This risk profile is developed through Community Risk Management Model using a range of tools including Exeter data from health partners. It's Safe and Well programme, delivered to over X residents between April 2019 and March 2020, was developed in conjunction with NHS and local health partners. Safe and Well visits provide advice to householders on fire safety in the home but also address health priorities such as the prevention of slips, trips and falls, smoking cessation and alcohol reduction, bowel cancer screening and tests for atrial fibrillation.

The Service also works with partner agencies to deliver road safety initiatives targeted at vulnerable users such as young drivers and motorcyclists.

The Authority is commissioned to provide early intervention programmes such as RESPECT and is a delivery partner for the Prince's Trust programme.

It has also had a significant commitment to raising awareness and prevention through its safety and life skills centre, Safety Central.

Fire Protection

The Authority operates a risk based intelligence-led inspection programme of non-domestic premises. If a business is audited, the audit will be carried out by a qualified fire-safety officer who will follow a set procedure which is designed to establish compliance with the requirements of the Regulatory Reform (Fire Safety) Order 2005. The Authority always aims to help businesses comply with fire safety legislation; however, at times it has to enforce the law by implementing a formal enforcement procedure and will on occasion prosecute. This is always a last resort and the Authority will endeavour to avoid this course of action by working with business owners/managers via a range of key interventions:

- A dedicated team of non-enforcing officers who proactively deliver interventions and offer advice tailored to the different sectors of the business community.
- Protection staff offer support to businesses to assist in complying with legislation.
- Information provided digitally to support businesses.
- Proactively working with partners and key stakeholders to raise awareness of the fire safety benefits of sprinkler systems.

The Government's Primary Authority Scheme is a means for a business to receive assured and tailored advice on meeting environmental health, trading standards or fire safety regulations through a single point of contact. This enables the business to invest with confidence in products, practices and procedures, knowing that the resources they devote to compliance are well spent. The Authority supports the Primary Authority Scheme and will consider entering into partnerships with a business or organisation to provide assured and tailored fire safety advice. The approach it adopts creates a more consistent and co-ordinated regulatory environment.

Fire investigation is an integral part of the Service's Prevention and Protection activities. The main purpose of fire investigation is to determine the origin, cause and development of a fire and to contribute to organisational learning.

All fires attended will be investigated to establish the cause of fire. Where a fire has occurred, investigators have the power of entry under Section 45 of the Fire and Rescue Services Act 2004 which allows an authorised employee to gain entry to premises in order to investigate the cause and progression of the fire that has occurred there.

Investigation outcomes will steer future prevention and protection activities and may assist in the prevention and detection of crime. They may also lead to inspections focused on certain risks or themes.

Emergency Response

The Authority responds to a range of emergency incidents with 35 fire engines operating from 28 fire stations across Cheshire. Stations are crewed by operational staff who work different shift patterns depending upon local risk:

- Wholetime: firefighters operate on stations 24 hours per day, working 12 hour shifts.
- Day Crewing: during the daytime the station is crewed by wholetime firefighters who also live next to the station to provide emergency cover overnight
- Nucleus: stations are crewed by wholetime firefighters during day time hours and by on-call firefighters overnight
- On-Call: firefighters live or work in the local community near to the station and respond to emergency calls via an alerter

The Authority has in place a Cheshire Standard to respond to life-risk incidents (e.g. house fires and road traffic collisions) within ten minutes on 80% of occasions.

Pre-determined attendance requirements are developed through the analysis of risk information from sources such as incident data and site specific risk information. Through the Authority's review of emergency response, specialist assets have been placed in strategic locations to improve response to incidents across Cheshire and respond to local risks, such as road traffic collisions on motorways.

The Authority's debrief policy outlines processes for evaluating operational learning and improvement.

Incident command is embedded within the internal assessment procedures, with incident commanders assessed regularly through live and simulated exercises arranged locally and centrally.

Organisational performance, including the Service's emergency response and call handling performance of North West Fire Control (NWFC), is scrutinised through structures such as Performance and Programme Board, Unitary Performance Groups, the Fire Authority's Performance and Overview Committee and by Directors of the NWFC Board.

The Authority conducts Site Specific Risk Inspections (SSRIs) for high risk premises in Cheshire. The procedure has recently been internally audited, receiving an outcome of 'significant assurance'. A dedicated SSRI training officer is in post alongside an SSRI portfolio holder for on-call stations.

Cheshire has 28 Control of Major Accident Hazard (COMAH) sites and employs a high-risk training officer. Both on-site and off-site incident plans are managed by the Cheshire Resilience Forum and tested through multi-agency exercises.

The Authority influences the development of operational response, training and occupational standards at a regional level through membership of a number of regional fire and rescue services and multi-agency groups and forums.

Business Continuity – Civil Contingencies Act 2004

Business Continuity is an important part of the Authority's strategy and a robust programme is well established to ensure responsibilities align to best practice standards, e.g. BS25999-2. Departmental plans which support the Authority's Crisis Management Plan are maintained and tested regularly. The Crisis Management Plan is owned by the Risk Management Board and reviewed and approved annually.

Interoperability, Resilience and Safety

A comprehensive range of risk intelligence data and information is taken into account as part of the risk identification and analysis process underpinning the IRMP. This includes Cheshire's Community Risk Register, with the Authority having a leading role in the Cheshire Resilience Forum (CRF) which focuses on interoperability and joint planning and training exercises with other emergency services using the Joint Emergency Services Interoperability Principles (JESIP). Additional joint training and planning has taken place following the Manchester Arena terrorist attack to ensure the effectiveness of the Authority's response to a similar event within Cheshire.

CRF structures, policies and practices are regularly reviewed to better reflect the changing make up of partner agencies. Governance is managed through a monthly meeting cycle of the Management Group which reports twice yearly to the CRF Executive Group.

The Authority is represented on the Cheshire CONTEST group, which has developed plans for notification of, and response to, a multi-agency marauding terrorist firearms attack (MTFA). Cheshire's National Inter-Agency Liaison Officers (NILOs) have received MTFA response training via regional NILO groups.

Over the Border Mutual Aid Arrangements

Sections 13 and 16 of the Fire and Rescue Services Act 2004 allow mutual arrangements to be agreed with neighbouring fire and rescue services to improve resilience and capacity in border areas. Cheshire Fire Authority has in place contractual agreements with the following bordering Fire Authorities for response to life risk incidents:

- Merseyside
- Staffordshire
- Shropshire
- Derbyshire
- Greater Manchester
- North Wales

Health and Safety

The Authority seeks to comply with the requirements of the Health and Safety at Work etc. Act 1974 and relevant legislation in managing its health and safety (H&S) duties.

The Authority has an H&S management system based on Health & Safety Executive (HSE) guidance. There are clearly defined management responsibilities; as far as reasonably practicable the Authority assesses and manages the risks arising from its activities, consults its employees on matters affecting H&S, and provides training and information to employees.

The Authority has an Occupational Health Unit to support the health and wellbeing of staff. The Authority has signed up to the MIND Blue Light campaign to support mental health and wellbeing in the workforce and provided training to mental health champions and is looking to introduce more widely a Trauma Risk Management (TRiM) process. It will also have a Mental Health Advisor.

The Authority has introduced an electronic system to support the reporting and investigation of all accidents and near misses that occur and to track the investigations conducted with the intention of preventing a recurrence.

As part of the H&S Management System there is a programme of audits and inspections. The audits are based on the Royal Society for Prevention of Accidents Quality Safety Audit system and its performance indicators. These audits and inspections inform the annual review of H&S Policy and performance. They also contribute towards an Annual Health and Safety report submitted to the Authority's Performance and Overview Committee.

Firefighter Fitness

The Authority has had a policy to ensure the fitness of its operational staff for some time. In December 2014 the Department for Communities and Local Government (DCLG) issued an addendum to the National Framework for England in relation to firefighter fitness. In 2015 the Authority proposed amendments to its then current fitness policy to align it to the National Framework requirements and the national fitness standards.

The Authority recruited a full-time Fitness Advisor to lead on supporting the firefighters to attain and maintain the fitness standards required, and to undertake fitness testing. Fitness testing for all operational staff takes place annually. Performance is monitored at the Service Health Safety and Wellbeing Committee.

An audit of compliance with the National Framework requirements on management of firefighter fitness concluded that the Authority complied.

Operational Training

The Service has an Operational Training Strategy which outlines its approach to ensuring that its operational staff are trained and competent in order to fulfil the various operational demands placed upon them.

All new firefighters attend basic training which is broken down into modules and each module is assessed.

All front line operational staff, inclusive of new starters, attend regular station planned training as detailed within their Station Training Forecast in order to maintain their operational abilities and competence. They also attend centrally planned refresher training in order to support this maintenance programme.

Breathing apparatus refresher training takes place in dedicated 'hot fire' conditions annually and the Authority aims to ensure that 100% of all eligible staff attend. An electronic course management system aids the monitoring of training.

Compartment fire behaviour training capability is refreshed every two years and the Authority aims to ensure 100% of all eligible staff attend.

Road traffic extrication techniques, trauma care, dealing with hazardous materials, and working safely at height skills are refreshed over a three-year period and each year the Service aims to refresh the skills, knowledge and understanding of one third of its operational workforce with the intention to achieve 100% of all eligible staff attendance after three years. The swift water rescue capability of the Service's key water incident fire stations is validated by the staff attending two days of assessment every year.

The Service delivers in-house Large Goods Vehicle training on a one to one basis for its front line firefighters. Once they are designated as an appliance emergency response driver they then go on to attend a one-day emergency response driving refresher within a five-year period.

The Operational Training Group (OTG) also manages the Authority's Accredited Centre; currently Edexcel and Skills for Justice are the awarding bodies. Visits by external standards verifiers annually assess and confirm that the Authority operates to and maintains

the awarding standards and this assists OTG in quality assuring its planning, delivery and review of training and assessment.

Managers are all trained and assessed for their skills, knowledge and understanding in Incident Command. A dedicated Command Training Group (CTG) of vocationally qualified officers plan, deliver and assess these training programmes. The quality of the Incident Command Training within the Service has attracted business from several other fire and rescue services and other emergency services as well as private and public organisations including several high risk industries.

In 2019 the Authority began construction work on its new operational training centre, based at its site in Sadler Road, Winsford. While the success of our prevention work has led to a long term reduction in fires, this does mean that firefighters are more reliant on training and simulation to develop their learning experience instead of operational firefighting. The training centre, a significant investment at over £11m, will provide firefighters with realistic and immersive training to safely and effectively deal with a wide range of incidents that may occur across Cheshire.

Key evidence links
Five Year Strategy
Integrated Risk Management Plan
CRM Model
Unitary Performance Area Profiles
Safe and Well
Safety Central
Fire Safety advice for Businesses
JESIP
Annual Health and Safety Report
Firefighter Fitness Addendum
Firefighter Fitness Policy
Operational Training Strategy

6. Fire and Rescue National Framework for England

Under the Fire and Rescue Services Act 2004 the Secretary of State must prepare a Fire and Rescue National Framework which sets out priorities and objectives for fire and rescue authorities and contains guidance in connection with the discharge of any of their functions.

Every fire and rescue authority **must** have regard to the Framework in carrying out their functions.

In May 2018 a new National Framework was published. There is an emphasis in this latest Framework upon the national programme of reform within the sector and a number of requirements which fire authorities **must** comply with in the areas of:

- **Delivery of functions:** a need to identify and assess risk, prevent fire and promote fire safety, respond effectively to incidents and a statutory duty to consider collaboration
- **National Resilience:** identify and address any gaps in capability and prepare to respond to terrorist attacks
- **Governance:** to produce an IRMP, Annual Statement of Assurance and financial plans
- **Achieving Value for money:** having a policy on reserves, commercial transformation and trading
- **Workforce:** the need for a People Strategy and implementation of the new Professional Standards when published.
- **Inspection, Intervention and Accountability:** co-operation with the new inspection regime and compliance with the Local Authority Transparency Code.

A review was undertaken of the mandatory requirements under the Framework and evidence gathered to demonstrate compliance and a report was presented to the Performance and Overview Committee in September 2019.

In March 2020 a further review was undertaken and a new compliance document was being prepared when Coronavirus (Covid-19) began to impact upon the Service.

Key evidence links
Fire and Rescue National Framework for England 2018
Fire and Rescue National Framework for England 2018 - Compliance Report (Performance and Overview Committee 04.09.2019)

7. Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS): Inspection Outcomes 2018

HMICFRS carried out an inspection of Cheshire Fire and Rescue Service in the summer of 2018. The inspection process asked three key inspections:

- a. How effective is CFRS at keeping people safe and secure from fire and other risks?
- b. How efficient is CFRS at keeping people safe and secure from fire and other risks?
- c. How well does CFRS look after its people?

The report summary said:

"We are pleased with most aspects of the performance of Cheshire Fire and Rescue Service in keeping people safe and secure. But it needs to improve how it looks after its people, to give a consistently good service.

The service is effective at keeping people safe and secure. It understands risk and is good at preventing it. The service makes good use of fire regulation to protect the public. Its response to fires and emergencies is good and it responds well to national risks too.

The service is efficient. It uses resources well and it is affordable."

The inspection report identified some areas for improvement and an action plan has been prepared to address each of these, with details of any action taken to be taken, the lead officer with responsibility for the actions, a timetable and how success will be measured.

The Service was due to be inspected again during March and April 2020 but due to the Coronavirus (Covid -19) outbreak HMICFRS suspended all inspection work.

Every fire and rescue service due to be inspected in this phase was asked to complete a self assessment template as part of the inspection process. This was completed and submitted to HMICFRS in March 2020 and can be found on the website.

Key evidence links
HMICFRS Inspection Report

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CHESHIRE FIRE AUTHORITY

MEETING OF: CHESHIRE FIRE AUTHORITY
DATE: 7TH OCTOBER 20209
REPORT OF: CHIEF FIRE OFFICER AND CHIEF EXECUTIVE
AUTHOR: LYNN MARSH

SUBJECT: ANNUAL REPORT 2019-20

Purpose of Report

1. This report seeks approval to publish the Annual Report for 2019-20, which incorporates statutory information on the Statement of Accounts together with summary information on key areas of Service performance during the last financial year.
2. Proofs of the newspaper-style report will be shared with Members electronically.

Recommended: That

- [1] Subject to Members' comments, the Annual Report 2019–20 is approved for publication.

Background

3. The Authority must publish certain information about its accounts and governance arrangements. Reference is made to this information in the Annual Report.
4. The Authority is also required to comply with the requirements of the Fire and Rescue National Framework concerned with the provision of information to communities about its performance. The publication of the Annual Report helps the Authority to meet these obligations. It is also required to produce an annual Statement of Assurance.
5. The Authority prepared and distributed the Annual Report for a number of years in a newspaper style delivered to every household in Cheshire. Whilst some copies are printed, primarily the Annual Report is now only published online.

Information

6. The Fire Authority is committed to keeping its residents, businesses and key stakeholders informed about the development of its services and policies and its performance against its published plans.

7. The content of the Annual Report includes details about key areas of Service performance compared over time and against similar fire and rescue services, together with a summary of the Statement of Accounts.
8. A draft of the Annual Report has now been produced, with an electronic copy due to be published on the Service's website following the meeting – to coincide with the conclusion of the Statement of Accounts. Publication will be announced through the Service's social media channels and via mainstream media.

Financial Implications

9. There are no financial implications as the Annual Report is published online, as agreed by Members in 2018.

Legal Implications

10. The Service has a statutory requirement to publish its summary of accounts. There is no legal requirement to print and distribute an Annual Report.

Equality and Diversity Implications

11. The Annual Report will be made available in other formats on request.

Environmental Implications

12. There are no environmental implications.



Helping the community during coronavirus

The outbreak of Covid-19 has caused significant changes to everyone's work and personal lives, and the Service has risen to the unprecedented challenges posed by the global pandemic every step of the way.

As well as continuing to provide the public with our full range of fire and rescue services – whilst implementing the necessary precautions to keep staff and the wider community safe – we have been providing extra services to ensure that the needs of the people of Cheshire are met.

Since the start of lockdown the Service has been working closely with local authorities and health partners to determine ways in which our skills, resources and vehicles can be best utilised to support the requirements of the community.

A temporary Community Support Management Team was formed to allow a direct route for statutory partners to request support.

Staff and volunteers

The Service was inundated with offers from staff and volunteers wanting to help in any way that they can.

A vast number of existing and former CFRS staff signed up to support the community of Cheshire in their spare time.

Seventeen former operational staff returned to the Service as resilience firefighters and, where possible, other staff members had their duties amended to enable them to support the community as part of their core working pattern.

Vehicles

A large number of Service vehicles have been allocated for community work, including cars, motorbikes, small and large vans, flat-bed heavy goods vehicles and minibuses. They have been used for everything from transporting staff to Covid-19 testing centres to delivering vital blood and tissue samples and breast milk donations.

Support

Throughout the pandemic the efforts of our staff and volunteers have made a huge impact on both Cheshire residents and our statutory partners. We have delivered thousands of emergency food parcels and prescription medication packages to the most vulnerable people in our community, allowing those most at risk to stay at home.

The Service has also supported the bulk distribution of personal protection equipment for colleagues in both health and care settings, as well as a programme of face mask fit testing for the NHS.

To date, staff have carried out more than

- 1,295 welfare visits to people shielding at home
- 8,134 collections and deliveries of prescription medication
- 1,440 telephone calls to check what support people need
- 4,223 food collections and deliveries, often working with local food banks
- 121 Free School Meals to eligible households during the summer holidays
- 152 education resource packs including laptops provided by the Department for Education
- 73 Covid-19 swab test kit deliveries and collections to homes of patients due to be admitted to hospital for a procedure.
- 50 bulk deliveries of PPE
- 136 blood bike runs and
- 168 Qualitative Face Fit Tests across the critical care sector

Fundraising for The Fire Fighters Charity

When The Fire Fighters Charity made an appeal for help to its fire and rescue service family during the pandemic, staff from across the Service leapt instantly to its aid.

To date more than £50,000 has been raised for the charity in Cheshire alone, which is a staggering amount, grown through dedication and sheer determination to support the cause.

Every year the charity needs £10m to operate its services in support of the entire UK fire service family. This year, however, the coronavirus pandemic has brought its traditional fundraising to a halt, with the cancellation or postponement of countless events and challenges, losing the charity £200,000 per month.

To help reduce the shortfall, firefighters have been running marathons around fire station drill yards, climbing ladders to the height of Everest, cycling the equivalent distance of the entire UK coastline without leaving the fire station, run 30 half-marathons in 30 days and running a full marathon in one day in full fire kit, to name just a few of the endurance feats the crews have risen to.

Assistant Chief Fire Officer Gus O'Rourke said: "What a fantastic effort from everyone, raising so much money in such a short space of time. I'd like to personally pass on my sincere thanks and a massive well done to everyone who has helped to raise this incredible amount and good luck to anyone with challenges still to come."



PAGE 2



IRMP 2020-2024 approved

PAGE 3



Serious fire safety breaches conviction

PAGE 4



Your Service Where You Live

PAGE 7



Summary of accounts 2019-2020

IRMP 2020-2024 approved



Cheshire Fire Authority has approved the publication of its Integrated Risk Management Plan 2020-2024 (IRMP), setting out the strategic plan for the Service over the next four years.

Chair of Cheshire Fire Authority, Councillor Bob Rudd said: "The Fire Authority endorsed this IRMP because it is ambitious and will make Cheshire a safer place to live and work for both our communities and our firefighters. The Authority has had to take difficult decisions in recent years because of cuts to our funding. Therefore it is pleasing to approve a plan that invests in our future and will continue to provide Cheshire with the first-class fire and rescue service it deserves."

The development of the IRMP has taken two years and has been informed through extensive consultation with staff, trade unions, local stakeholders, partner agencies and residents across Cheshire.

The key decisions made are for the Service to:

- Relocate the second fire engine at Ellesmere Port Fire Station to Powey Lane Fire Station.
- Replace the aerial appliance and a fire engine at Macclesfield Fire Station with a High-Reach Fire Engine (HRFE).
- Introduce a Day Crewing Duty System at Wilmslow Fire Station.
- Improve its response to road traffic collisions by expanding its fleet of Rapid Response Rescue Units (RRRU).
- Develop a wildfire capability.
- Review water response and provision.
- Review its specialist vehicles and new equipment.
- Expand the Safe and Well programme to lone person and single parent households.
- Develop a Strategic Road Safety Plan.
- Review its Risk-Based Inspection Programme.
- Launch a safety campaign for Houses in Multiple Occupation (HMO).
- Expand its 'Sprinklers Save Lives' campaign.

In addition to the plans laid out in the IRMP, the Authority is progressing with an ambitious capital programme to modernise most of its fire stations; build replacement fire stations at Chester and Crewe, and is building a new state-of-the-art operational training facility at its Sadler Road site in Winsford.

To view the IRMP 2020-2024, please follow this link [IRMP 2020-2024](#)

The consultation documents considered by the Authority can be viewed here - [1 July 2020 Fire Authority Meeting](#)



Sadler Road Training Centre

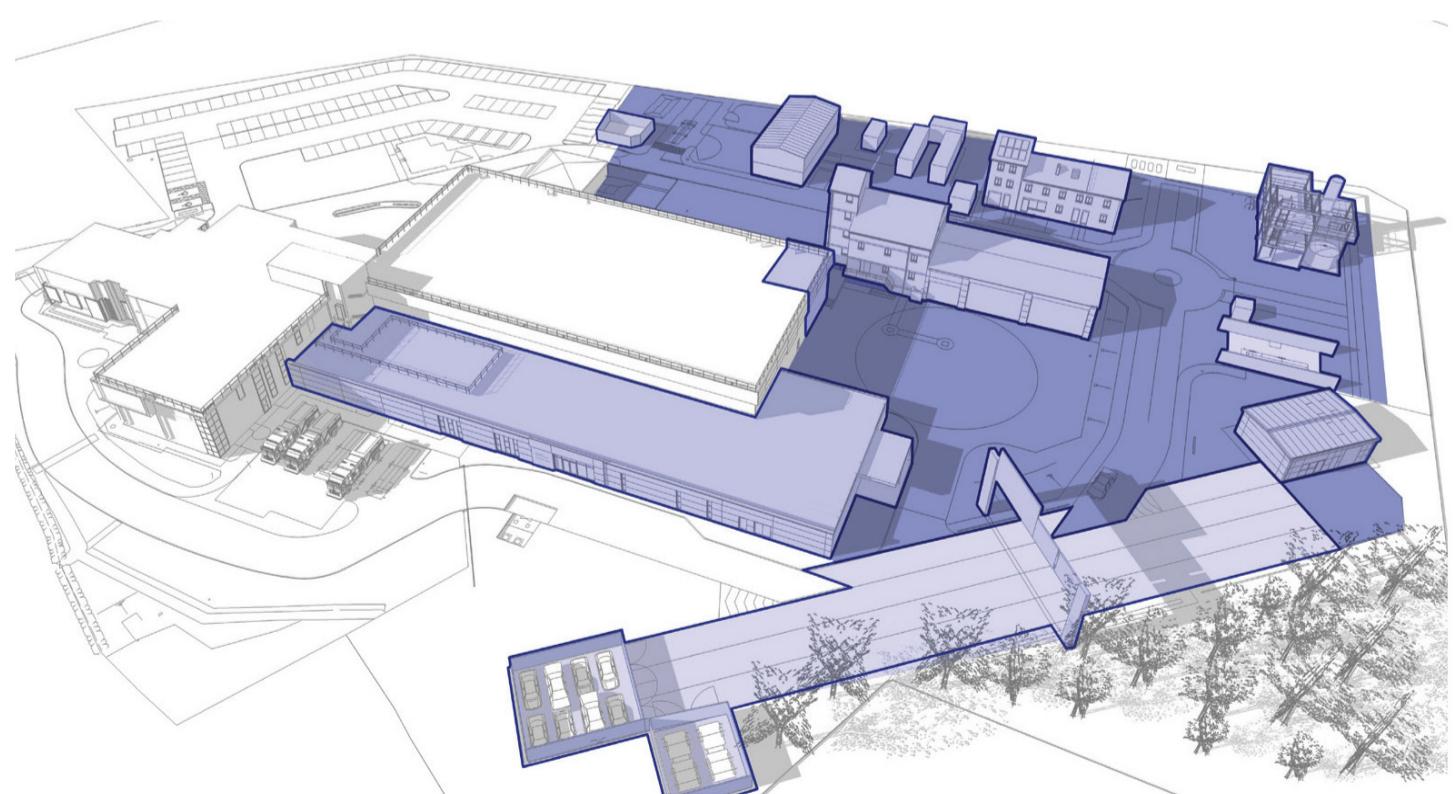
The new training centre continues to take shape at the former Service headquarters in Sadler Road, Winsford.

The facilities, which will be among the best in the country, will immerse staff in real-life operational situations making them better equipped and skilled to keep the communities of Cheshire safe.

Our firefighters have to be able to deal with a wide range of incidents as the county has a large number of chemical and industrial risks, four major motorway networks spanning the length and breadth of the county and great swathes of rural areas which present a host of operational hazards and risks.

The new training facility will provide innovative technology and real-life scenario sets, ranging from serious motorway collisions to dealing with building fires and chemical incidents, keeping our firefighters highly skilled and equipped to deal with a myriad of life saving situations.

Due to coronavirus, progress has inevitably slowed down as contractors continue to develop the new training centre while observing social distancing rules. Factories that make some of the bespoke elements of the structures were closed for several months due to the lockdown and this has again led to some delays in the critical path of the programme. The revised completion date is set for late October 2020.



The centre comprises zones specific to the training needs of a modern day fire and rescue service. It incorporates a fire house and breathing apparatus training building, petrochemical training rig, a row of terraced houses and small commercial building, farm/stable building, motorway simulation scenario, road traffic collision training building as well as indoor and confined space training areas and refurbished vehicle workshops.

Each zone provides realistic and

immersive scenarios, representative of what firefighters can face in the course of their work. More detailed information about the training centre can be found on the [Service website](#).

Exercise tests Service's readiness for a terrorist attack

The Service has been working closely with partners within the Cheshire Resilience Forum to test our multi-agency response to a terrorist incident.

A training exercise to ensure that all agencies are able to execute a co-ordinated response in the event of a major incident was held at Virgin Trains in Crewe. It involved the release of an unknown chemical and marauding terrorist attack on a train.

The exercise gave the Service the chance to bring together our marauding terrorist attack (MTA) and hazardous materials procedures for a very challenging scenario in a realistic environment and test how they work with other agencies.

Partners from North West Fire Control, Virgin Trains, Cheshire Constabulary, North West Ambulance Service, British Transport Police, NW Hazardous Area Response Team, Staffordshire Fire and Rescue Service and Network Rail all took part in the exercise.

Cheshire Resilience Forum exists to prepare for, respond to and recover from any emergency. They bring together local emergency services, National Health Service and local authorities who can help to prepare and respond to any event.



Pub owner convicted of serious fire safety breaches

The owner of a country inn in Tarporley has been convicted of serious breaches of fire safety law after firefighters raised concerns following a chimney blaze at the premises.

Stuart Hulse pleaded guilty on behalf of himself, and Foresters Arms (Taporley) Ltd, to nine breaches of the Regulatory Reform (Fire Safety) Order 2005. He was sentenced to four months in prison, suspended for 12 months, and the company was ordered to pay £2,250 in fines and the same amount towards the cost of the investigation.

A fire safety audit was undertaken by the Service's Protection team following the chimney fire in January 2019. A number of serious deficiencies were identified that put customers and staff members at risk of death or serious injury in the event of a fire.

The inspection found that there was inadequate emergency lighting, none of the bedrooms that guests stayed in had fire doors and guests were expected to use a ladder to escape in the event of a blaze. The team subsequently issued both a prohibition notice and an enforcement notice and began a prosecution case.

The notices were lifted after work had been undertaken to bring the premises up to the required standard.



Virtual fire station open days

When the prime minister announced a national lockdown due to the coronavirus pandemic back in March, the Service cancelled all station open days to help keep the staff and our communities safe.

With a bit of creative thinking, however, the open days were back on the agenda shortly afterwards.

They were held online where members of the public would be able to join in with their local stations open day, virtually.

The Service's first 'virtual open day' took place on Saturday 6 June at Wilmslow Fire Station.

From tours of specialist vehicles and fire engines, to an array of demonstrations such as a road traffic collision and kitchen and BBQ safety - the virtual open day was action packed, all for the public to enjoy on social media from the comfort and safety of their own home. Throughout the summer months, when station open days are usually held, other Cheshire fire stations have followed suit, adding their own creativity to make each one a different experience.

Your Service wher

We continue to focus on providing excellent emergency response services and high quality, innovative prevention and protection activities, focused on reducing risks and keeping the community safe.

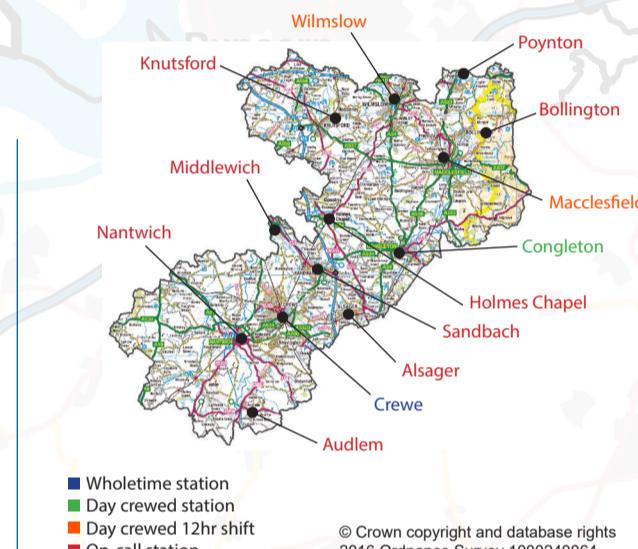
Cheshire East

Unitary performance area profile



Last year in Cheshire East we responded to 2,834 emergencies. Our prevention and protection work took us into 14,651 homes, many schools, community groups and local businesses. We also delivered youth programmes and have vibrant fire cadet units operating on many of our stations. We worked with many partners to improve road safety.

There were 307 primary fires during 2019/20; 63 fewer than the previous year. These are more serious fires that cause harm to people or damage to property. Compared to 2018/19, the number of deliberate primary fires (involving buildings and vehicles) decreased from 64 to 61, while deliberate secondary fires (generally small outdoor fires, not involving people or property) saw a significant decrease from 150 to 103. Our intelligence-led approach to identifying 'hotspot' areas of high activity has become more sophisticated so problem areas will be highlighted and tackled with a range of arson reduction and youth engagement initiatives. Accidental fires in the home have reduced by 19 compared to the previous year, to 111 in total during 2019/20. In total, 65 (59%) of these fires started in the kitchen and so this area continues to be a key focus of our campaigns. Fortunately the majority of fires in the home were not serious, with 97 (87%) staying confined to the room where the fire started. Unfortunately, there were 3 deaths from accidental fires in the home during 2019/20. Injuries remain low and have decreased from 14 in the previous year to 10, with all 10 slight injuries last year.



Key statistics	2017-18	2018-19	2019-20
Primary fires per 100,000 population	96.08	97.17	79.92
Fatalities from primary fires per 100,000 population	0.26	0.26	0.78
Injuries from primary fires per 100,000 population	6.07	3.68	2.60
Deliberate primary fires per 10,000 population	17.95	16.81	15.88
Deliberate secondary fires per 10,000 population	53.85	39.39	26.81
Deliberate fires per 10,000 population	174.21	157.30	125.99



Your local station – For more information about your local fire station, please visit our website www.cheshirefire.gov.uk

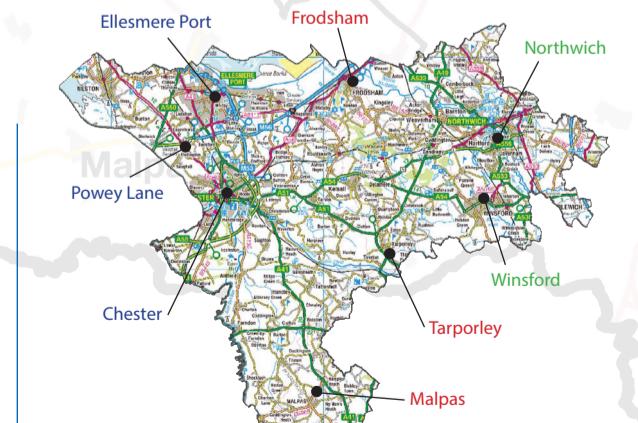
Cheshire West and Chester

Unitary performance area profile



Last year in Cheshire West and Chester we responded to 2,485 emergencies. Our prevention and protection work took us into 14,703 homes, many schools, community groups and local businesses. We also delivered youth programmes and have vibrant fire cadet units operating on many of our stations. We worked with many partners to improve road safety.

There were 320 primary fires during 2019/20, which was an increase of 8 when compared with the previous year. These are more serious fires that cause harm to people or damage to property. Compared to 2018/19, deliberate primary fires (involving buildings and vehicles) increased from 62 to 70 incidents; while the number of deliberate secondary fires (generally small outdoor fires, not involving people or property) reduced from 234 to 144 (-38%). Our intelligence-led approach to identifying 'hotspot' areas of high activity has become more sophisticated so problem areas will be highlighted and tackled with a range of arson reduction and youth engagement initiatives. Accidental fires in the home have increased slightly from 100 in 2018/19, to 109 in 2019/20, with 65 (60%) of these fires starting in the kitchen and so this area continues to be a key focus of our campaigns. Fortunately the majority of fires in the home were not serious with 98 (90%) staying confined to the room where the fire started. Unfortunately, there were 3 deaths from accidental fires in the home during 2019/20 and injuries remain low but have increased slightly from 11 in 2018/19 to 13 in 2019/20, consisting of five serious and eight slight injuries last year.



Key statistics	2017-18	2018-19	2019-20
Primary fires per 100,000 population	104.15	91.63	93.28
Fatalities from primary fires per 100,000 population	0.59	0.00	0.87
Injuries from primary fires per 100,000 population	5.92	3.23	3.79
Deliberate primary fires per 10,000 population	22.78	18.21	20.40
Deliberate secondary fires per 10,000 population	73.97	68.72	41.97
Deliberate fires per 10,000 population	207.41	181.79	160.32



Your local station – For more information about your local fire station, please visit our website www.cheshirefire.gov.uk

Where you live 2019-20

Halton Unitary performance area profile



Fire Authority Members



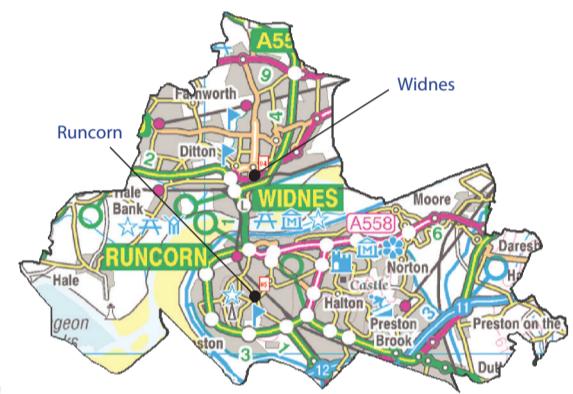
Last year in Halton we responded to 1,250 emergencies. Our prevention and protection work took us into 5,309 homes, many schools, community groups and local businesses. We also delivered youth programmes and have vibrant fire cadet units operating on many of our stations. We worked with many partners to improve road safety.

There were 133 primary fires across Halton during 2019/20, which was 32 fewer (-13%) than the previous year. These are more serious fires that cause harm to people or damage to property. There were 57 deliberate primary fires (involving buildings and vehicles), which was the same as the previous year but 21% less than 3 years ago and there were 201 deliberate secondary fires (generally small outdoor fires, not involving people or property); a decrease of 21 over 2018/19. Our intelligence-led approach to identifying 'hotspot' areas of high activity has become more sophisticated so problem areas will be highlighted and tackled with a range of arson reduction and youth engagement initiatives. Compared to 2018/19, the number of accidental fires in the home decreased by thirteen, to 37 such incidents during 2019/20, with 18 (49%) of these fires starting in the kitchen, so this area continues to be a key focus of our campaigns. Fortunately the majority of fires in the home were not serious, with 33 (89%) staying confined to the room where the fire started. There were no deaths from accidental fires in the home, for the third year running. Injuries remain low and have decreased further from 15 the previous year to 9, with all 9 injuries being slight in 2019/20.

Key statistics	2017-18	2018-19	2019-20
Primary fires per 100,000 population	119.13	128.47	102.77
Fatalities from primary fires per 100,000 population	0.00	0.00	0.00
Injuries from primary fires per 100,000 population	8.62	11.68	6.95
Deliberate primary fires per 10,000 population	56.43	44.38	44.05
Deliberate secondary fires per 10,000 population	166.15	177.53	155.32
Deliberate fires per 10,000 population	350.33	362.06	309.10



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■ Wholetime station
(Runcorn also has an on-call watch)

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Warrington Unitary performance area profile



Fire Authority Members



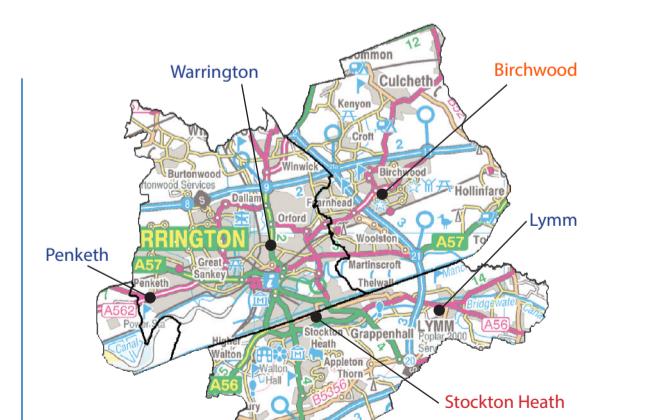
Last year in Warrington we responded to 1,564 emergencies. Our prevention and protection work took us into 7,745 homes, many schools, community groups and local businesses. We also delivered youth programmes and have vibrant fire cadet units operating on many of our stations. We worked with many partners to improve road safety.

There was a decrease of 32 primary fires (192 in total) when compared with the previous year. These are more serious fires that cause harm to people or damage to property. Deliberate primary fires (involving buildings and vehicles) decreased by 3 (65 in total) from the previous year. Deliberate secondary fires (generally small outdoor fires, not involving people or property) saw an increase from 219 in 2018/19 to 227 incidents in 2019/20. Our intelligence-led approach to identifying 'hotspot' areas of high activity has become more sophisticated so problem areas will be highlighted and tackled with a range of arson reduction and youth engagement initiatives. There has been a decrease of 22 accidental fires in the home (61 in total), when compared with the previous year with 32 of these fires starting in the kitchen so this area continues to be a key focus of our campaigns. Fortunately the majority of fires in the home were not serious, with 56 (92%) staying confined to the room where the fire started. There were no deaths from accidental fires in the home, for the second year running. Injuries remain low and have decreased from 17 in the previous year to 6 with one serious and five slight injuries in 2019/20.

Key statistics	2017-18	2018-19	2019-20
Primary fires per 100,000 population	106.82	109.28	91.42
Fatalities from primary fires per 100,000 population	0.48	0.00	0.00
Injuries from primary fires per 100,000 population	3.34	8.11	2.86
Deliberate primary fires per 10,000 population	32.43	32.45	30.95
Deliberate secondary fires per 10,000 population	113.97	104.51	108.09
Deliberate fires per 10,000 population	257.03	254.36	233.32



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■ Wholetime station
■ Day crewed station
■ Day crewed 12hr shift
■ On-call station

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Focus on Performance 2019-20

The Service continues to focus its fire prevention activity on those who are most vulnerable. Over the past three years fire crews and safety advocates have visited and carried out over 113,000 Home Safety Assessments (which became Safe and Well visits in February 2017).

The Service's prevention agenda continues to have a positive impact on the numbers killed and injured. Over the past decade accidental fires in the home have reduced by 33 per cent, with fire related injuries in accidental fires in the home reducing to a 10 year low. In 2019/20, 88 per cent of households where dwelling fires occurred had a working smoke alarm.



Key Service Trends 2019/20

Community Outcomes

318 accidental fires in the home were attended in 2019/20.



This is the lowest number recorded in the last 10 years.



179 (56%) of these fires started in the kitchen.

Just under half of these (44%) had a main cause of cooking.

Kitchen fires have seen a decrease over recent years.

20 injuries were recorded in accidental fires in the home.



This is the lowest number recorded since 2009/10.



In 2019/20, **88%** of households, where dwelling fires have occurred, have a working smoke alarm.

Prevention and Protection

In the past 3 years, over **113,000** Home Safety Assessments have been completed at heightened risk households



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The Service continues to work with partners to share and analyse data and identify those who are most at risk.



Close to 6,000 young people have completed Prince's Trust and approximately **2,700** have completed RESPECT courses since they began



There were **515** False alarms attended caused by automatic systems in businesses and commercial premises in 2019/20.



This is a reduction of **51%** over 5 years



Nearly **1,600** fire safety audits in non domestic premises were completed last year

Staff and Services



Sickness remains low with an average of 4.4 days per person



All essential firefighting training has been completed



Priority based budgeting continues to generate savings

Furrow not furlough for Widnes fire cadets



Fire Authority Member Cllr Phil Harris put out a call for volunteers to support a community project at a care home in Widnes.

The project involved renovation of the outdoor space and gardens at Madeline McKenna Court for the benefit of staff and residents.

Princes Trust Manager, Jason McTigue, answered the call and coordinated volunteers from across the service.

Local fire cadets also stepped forward, working in small groups, under close supervision and in line with social distancing and risk assessments. They got busy with weeding, mulching, sanding and construction of wooden planters and a pagoda.

Cllr Harris said: "The volunteers and cadets did a fantastic job and on behalf of the staff and residents I want to say thank you. You have made a real difference to the lives of local residents during a difficult time. Your skills, hard work and contribution is very much appreciated."

Assistant Chief Fire Officer Alex Waller added: "This work involved a fantastic team effort to improve the lives of vulnerable residents. I am sure that the fruits of labour will be enjoyed for many years to come. Everyone at Madeline McKenna Court can now enjoy the outside space, fresh air and colourful surroundings, which will improve wellbeing. I wish the cadets every success in their Duke of Edinburgh Awards."

Any fire cadet aged 14 and above can do their DofE regardless of ability, gender, background or location. Achieving an Award isn't a competition or about being first. It's all about setting personal challenges and pushing personal boundaries, and the Widnes unit has been doing that in spades.

Find out more about [Cheshire Fire Cadets](#) and other youth opportunities with the Service.

Biker Down - course for motorcyclists

Biker Down is a course aimed at motorcyclists of all ages and experience.

The free course offers people the chance to learn practical skills to help avoid being involved in a crash, as well as essential first-aid training and advice on what to do should they find themselves first on the scene of a crash where someone is injured.

If you were the first on the scene of an accident involving a biker, would you know what to do? Would you know who is most at risk, how to protect the area or whether you should remove the helmet of a downed rider? Actions taken in the first few moments after an accident can be crucial in minimising injuries and can make a real difference to the lives of those involved.

Here you will find more information about our free [Biker Down](#) courses



Stonewall success reaps rewards

Stonewall, the UK's leading LGBT rights charity has once again placed our Service third in its top 100 business index for the great work carried out over the past year to help achieve acceptance without exception for all LGBT people.

For the second year running the Service has ranked third in Stonewall's Top 100 Employers list, beating off competition

from more than 500 organisations across 20 different sectors, including government departments, global brands and international investment banks.

The Service has also retained its place for the fifth year running as the UK's most inclusive emergency service and Stonewall's top employer in the North West.

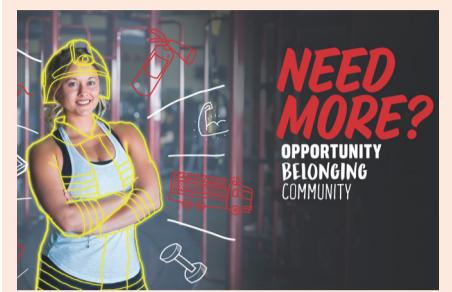
In addition, the Service received a number of accolades at a Stonewall

awards event including Chief Fire Officer Mark Cashin being named the North West Senior Champion of the Year. We were also identified as one of Stonewall's Top Trans Employers.

These accolades reflect the extensive efforts and commitment the Service has shown to LGBT inclusion work over the past decade.



#thinkoncall



On-call firefighters are a vital part of today's fire and rescue service, providing an efficient, effective service that gives emergency cover to more than 90 per cent of the UK.

We are keen to recruit both men and women as on-call firefighters, and if you think the female roles are more administrative, you would be totally wrong - all firefighters operate in frontline situations.

On-call firefighters come from every walk of life, including shopkeepers, builders, plumbers, farmers, secretaries, engineers and directors of companies together with people who are not currently employed. Previous experience is not required thanks to the comprehensive training programme.

Our on-call programme is developed and managed by a dedicated team of officers and staff which has streamlined the recruitment process and training schedule and promotes the national 'Need More' on-call campaign.

To apply to become an on-call firefighter email the HR Recruitment team on recruitment@cheshirefire.gov.uk

Summary of accounts 2019-20

Cheshire Fire Authority is the public body which manages Cheshire Fire and Rescue Service on behalf of local communities.

From April 2019 to March 2020 it was made up of 23 elected Members, with seven appointed by Cheshire West and Chester, eight by Cheshire East, three by Halton Borough and four by Warrington Borough. The political composition of the Authority at that time comprised Conservative (6), Labour (14), Independent (2) and Liberal Democrat (1).

The Authority is a separate legal body and has the power to set council tax and agree its own policies and procedures without needing the approval of these local councils. Its meetings are open to the public and are usually held at the Service's Sadler Road site in Winsford. Full details are

on the website – www.cheshirefire.gov.uk.

Its key duties include approving the annual budget; setting its council tax level and approving the organisation's key policies, plans and strategies.

It is also responsible for ensuring its business is conducted in accordance with the law and proper standards, that public money is properly accounted for and seeks to secure continuous improvement. To demonstrate this it produces an Annual Governance Statement to accompany the Statement of Accounts.

Accounts

The Fire Authority's accounts show how it uses its resources to deliver a fire and rescue service across Cheshire. The summary accounts provide an overview of where the funds come from, how they

are used and the financial position as at 31 March 2020. The 2019-20 Statement of Accounts include the Authority's share of the cost of running of North West Fire Control Limited.

Summary Revenue Account

The 2019-20 Fire Authority net revenue budget and expenditure was £43m. The Authority has a general reserve of £2m at 31 March 2020, which is roughly five per cent of the budget, any underspends reported in the year for 2019-20 has been transferred to support capital expenditure.

The Authority also holds earmarked reserves to meet specific needs in line with its Reserves Strategy. The Authority is developing a range of options to ensure that it can operate efficiently and effectively and provide value for money.

Summary Balance Sheet

The Summary Balance Sheet shows the 2019-20 end of year position and the most obvious point to note is the net liability of £426m. In other words, assets of £111m, current liabilities of £11m but long term liabilities of £526m. Most of the liabilities relate to expected future pension costs of £525m, compared to £592m in 2018-19. All local authorities are required to recognise this liability in their balance sheet even though it is not an immediate call on their resources, but instead is paid out over the life of existing and future pensioners. At present, all deficits on the Firefighters Pension Scheme are funded by government through a specific top up grant.

Summary Revenue Account 2019-20	£'000	£'000
Firefighting and Rescue Operations	26,769	
Protection and Prevention	3,718	
Premises, Fleet and other Corporate Support Costs	10,338	
Net Cost of Service	40,825	
North West Fire Control - Cost of service	120	
Other income, expenditure and adjustments	2,628	
Amount to be met by Govt Grant and Local Taxation	43,628	
Revenue Support Grant and Local Taxation	-29,084	
Council Tax	-14,544	
Net General Fund (Surplus)/Deficit	-	
Balance on General Fund brought forward	-2,286	
Net movement on general reserves	-2	
Balance on General Fund Carried Forward	- 2,288	

Summary Balance Sheet 2019-20	£'000	£'000
Long Term Assets	83,750	
Current Assets	27,657	
Long Term Liabilities	-525,967	
Current Liabilities	-11,618	
Total Assets less Total Liabilities	-426,178	
Financed by:		
Unusable reserves	447,720	
Earmarked Reserves	-19,254	
General Reserve	-2,288	
TOTAL NET WORTH	426,178	

The audit of the Authority's accounts for the year ending 31-03-2020 will be completed before the end of November 2020, the deadline has been delayed due to the coronavirus epidemic. A draft copy of the statement of accounts are available on our website at www.cheshirefire.gov.uk

Wendy Bebbington, Head of Finance, 01606 868700

Safety Central goes from strength to strength



The Service's safety and lifeskills education centre Safety Central welcomed its 20,000th visitor in March, shortly before the Covid-19 lockdown forced it to close temporarily.

Located near Lymm, the purpose-built facility that uses world-class special effects and scenery to simulate hazards and teach people hands-on ways of staying safe and well.

It has proven incredibly popular with schools and community groups from across Cheshire and beyond since its launch in July 2017. Between April 2019 and March 2020 alone, more than 8,700 people visited, an increase of 26 per cent on the year before.

The centre's cohort of volunteer rangers, who guide groups around the centre, increased to almost 40 during the year.

Mark Shone, Safety Central Manager, said: "We're now working hard to ensure schools and community groups can visit safely and continue to learn life-saving skills at our centre. This will inevitably mean some changes to our programmes and to group sizes we can accommodate."

Schools and community groups already booked for 2020/21 are being contacted and further information about how the centre will be running can be found at safetycentral.org.uk



Performance at the end of March 2020



Since April 1st 2019 we have welcomed a total of 8,773 visitors including:

3,434 pupils and 452 adults from 72 mainstream schools and groups

481 young people and 176 adults from 31 non-mainstream schools and colleges

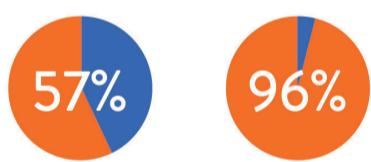
1,598 people and 211 helpers from 83 community groups

2,421 stakeholders attending training, events or meetings

Total number of visitors since we opened in July 2017: 20,193



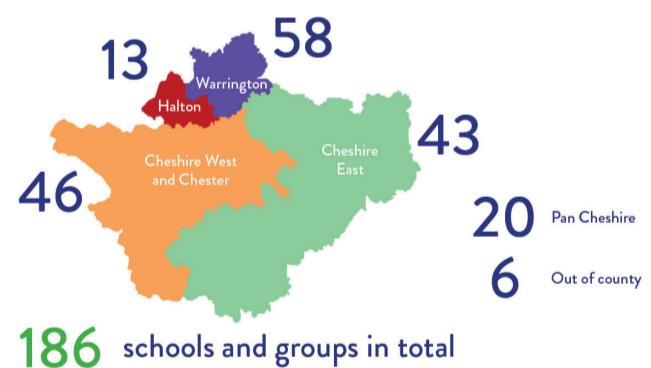
37 volunteers are currently active and 5 more have applied or are in training. A total of 3,843 volunteer hours have been logged so far this year.



Average improvement of 68% in test of key lifeskills subject knowledge



Cheshire
Fire & Rescue Service



"Wonderful visit, so hands on and current. Excellent, welcoming leader with wonderful rangers."

"A very interesting and professionally run establishment."

"We really can't believe how much you packed in to the day and how much the children learnt. Parents have already said they haven't stopped talking about it."



Visitor experience

100% of 137 teachers rated their visit as 'very good' or 'excellent' and 100% would visit again.

94% of 736 pupils and students gave their visit 4 or 5 out of 5.
99% of 420 adult visitors gave their visit 4 or 5 out of 5.



Agenda Item 6

CHESHIRE FIRE AUTHORITY

MEETING OF: CHESHIRE FIRE AUTHORITY
DATE: 7 OCTOBER 2020
REPORT OF: DIRECTOR OF GOVERNANCE AND COMMISSIONING
AUTHOR: DONNA LINTON

SUBJECT: REVIEW OF MEMBER TRAINING AND DEVELOPMENT 2019-20

Purpose of Report

1. To enable Members to consider the Member Training and Development Review 2019-20.

Recommended: That

- [1] the Review of Member Training and Development 2019-20 be noted.

Background

2. A report reviewing Member training and development activities undertaken during the municipal year is submitted to the Fire Authority annually. Ahead of submission to the Fire Authority, the chair of Member Training and Development Group reviews the report.

Information

3. The Member Training and Development Review 2019-20 is attached as Appendix 1 to this report. It contains an overview of:
 - Membership and the role of the Member Training and Development Group.
 - Member Training and Development Group Work Programme 2019-20.
 - Member Development Strategy 2019-20 (progress against objectives and feedback from training and development sessions).
4. As Covid-19 took hold several meetings and training and development opportunities that were programmed from March onwards were cancelled. These are due to be re-scheduled in the Member Training and Development Programme for 2020-21 taking into account social distancing requirements.

Financial Implications

5. The cost of delivering Member training and development was met from within the existing budget.
6. Most training and development activities were ran in-house wherever possible to contain the costs with the budget.

Legal Implications

7. There are no specific legal implications associated with this report.

Equality and Diversity Implications

8. There are no specific equality and diversity implications associated with this report.

Environmental Implications

9. There are no specific environmental implications associated with this report.

CONTACT: DONNA LINTON, GOVERNANCE AND CORPORATE PLANNING

MANAGER

TEL [01606] 868804

BACKGROUND PAPERS: NONE



Making Cheshire Safer

Member Training and Development Group Review 2019-20

Version 1.0 – May 2020



Contents	Page
1. Introduction	3
2. Membership and Role of the Member Training and Development Group	3
3. Member Training and Development Group Work Programme 2019-20	3
4. Member Development Strategy 2019-20	4
Annex 1	
Annex 2	

1. INTRODUCTION

The Authority remains committed to ensuring that all Members have access to and undertake adequate training and development opportunities to better enable them to fulfil their roles as Fire Authority Members. This report provides a review of the Member Development activities that the Authority has undertaken during 2019-20 and the work carried out by the Member Training and Development Group.

2. MEMBERSHIP AND ROLE OF THE MEMBER TRAINING AND DEVELOPMENT GROUP

MEMBERSHIP

The group comprises of 5 Members and 1 independent (non-elected) member and appointments are made by the Fire Authority.

Membership for 2019-20

Councillor Gina Lewis (Chair)

Councillor David Brown

Councillor David Edwardes

Councillor Karen Mundry

Councillor Stuart Parker

Lesley Thomson (independent (non-elected) member)

Note: at its Annual Meeting in June 2019, the Fire Authority agreed to appoint 5 Members to the Group.

RESPONSIBILITIES

The role of the Member Training and Development Group is:

- To advise on the development, monitoring and evaluation of a Member Training and Development Programme to ensure that Members' training needs are being met.
- To develop, monitor and review the Member Development Strategy and ensure that the Member Training and Development Programme is developed in line with the Strategy and to meet individual Member development needs.

3. MEMBER TRAINING AND DEVELOPMENT GROUP WORK PROGRAMME 2019-20

- 3.1 The Member Training and Development Group (the Group) usually meets on a quarterly basis to carry out its roles and functions in respect of the development, monitoring and evaluation of Member development activities for Fire Authority Members. Meetings have taken place on 12th July 2019 and 14th January 2020. Meetings were due to take place on 14th October 2019 and 24th March 2020, but due to unforeseen circumstances, both of these meetings were cancelled.

3.2 The Group plays a key role in assisting officers with Member training and development activities. Key areas of work carried out during 2019-20 include:

- Development, implementation and quarterly monitoring of the Member Development Strategy 2019-20.
- Development, implementation and quarterly monitoring of the Member Development Programme for 2019-20.
- Review of the outcomes following North West Employers assessment visit (which resulted in the Authority fulfilling the criteria for the Level 1 Review of the North West Charter for Councillor Development).
- Review/refresh of the Personal Development Review process for 2019-20
- Review of the outcomes from Personal Development Reviews conducted in 2019-20.
- Evaluation of the Induction Programme for 2019-20 and feedback from it.
- Review of the roles and responsibilities of Member Champions.

On 11th March 2020, Coronavirus was declared a global pandemic by the World Health Organisation. The Government introduced social distancing and lockdown measures to protect the health and safety of the population. As a result of these measures, several meetings and training and development opportunities that were programmed from March onwards were cancelled.

4. MEMBER DEVELOPMENT STRATEGY 2019-20

4.1 The Member Development Strategy 2019-20 was approved by the Fire Authority in June 2019. The Strategy set out the Authority's strategic direction in respect of Member training and development for 2019-20.

4.2 The implementation plan for the Strategy was monitored at each meeting of the Group and a copy of the Annual Plan is attached as Appendix 1 to the review. An outline of the objectives and progress to date is detailed below:

Objective 1 – Identify and prioritise Members' Training and Development Needs

Members' training and development needs were identified through personal development review meetings. The majority of personal development review meetings took place between August 2019 and October 2019. A summary report with the outcomes from the meetings was taken to the Member Training and Development Group in January 2020.

Personal development plans were created from these review meetings and the majority of individual training needs identified have been met with one-to-one sessions with the relevant departments or officers. Training identified that was felt to be beneficial to all Members has been incorporated into the Programme for 2020-21.

General training and development needs identified from the 2019-20 personal development plans included:

- Familiarisation with stations.
 - Democratic Services have contacted the Admin Managers who facilitate Unitary Performance Group meetings to request that they offer station tours on the rise of meetings.
 - Democratic Services have also encouraged Members to attend station open days and to contact officers to arrange specific station visits.
- A tour of Workshops at Sadler Road.
 - Democratic Services have included this in the Member Training and Development Programme for 2020-21.
- Visits to North West Fire Control and Safety Central.
 - Democratic Services have ensured that visits to North West Fire Control and Safety Central are included on the Member Training and Development Programme 2020-21.
- Guidance and training regarding social media.
 - Democratic Services are in the process of arranging social media training for Members and are aiming for it to be delivered at a Planning Day in the coming months.
- Familiarisation with the Service's Human Resource areas and programmes.
 - An equality and diversity session has been included in the Member Training and Development Programme for 2020-21.

Objective 2 – Review and refresh the Members Personal Development Review process to ensure that it remains effective for both experienced Members and new Members

Officers carried out a review of the personal development review process in August 2019. The template utilised to create personal development plans was simplified and updated to ensure all elements were still relevant. It also incorporated a requirement for Members to rate their knowledge of different areas from 1-4 (1 = below the level required to 4 = outstanding) in order to ascertain areas where development was most needed. Overall, feedback from Members regarding the updated template was positive.

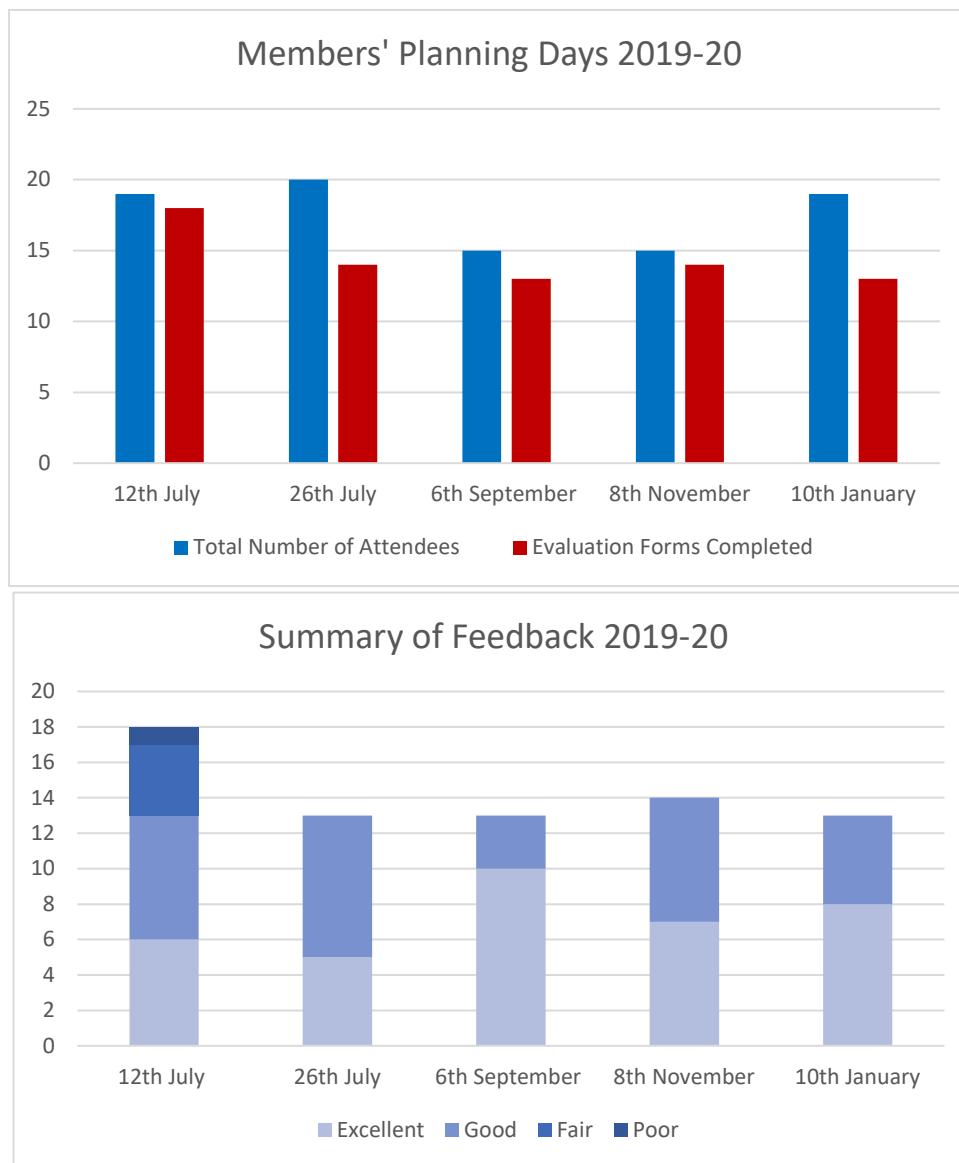
Objective 3 – Provision of an annual Member Training and Development Programme that is in line with priorities identified and within available resources

The Member Training and Development Programme 2019-20 (the Programme) was approved by the Authority in June 2019. It covered general training and development sessions for all Members, as well as induction sessions specifically tailored for new Members. A copy of the Programme is attached as Appendix 2 to this review.

Several Members' Planning Days took place during 2019-20 which provided an opportunity for Members to further their knowledge and understanding of the

Service. The Planning Days aimed to provide Members with key information to enable them to make informed decisions about the Authority/Service's future. They also provided an opportunity for updates to be given on local and national issues within the sector.

All Members, together with the independent (non-elected) members, were encouraged to attend the Planning Days and to provide feedback on the sessions to ensure that they remain informative and relevant. An overview of attendance and completion of evaluation forms, together with a summary of the feedback received from the Planning Days, is shown in the tables below:



Overall, feedback continues to be very positive from the Planning Days with the majority of Members stating that they found the sessions to be 'good' or 'excellent'.

Feedback highlights from the Planning Days included:

12th July 2019:

“As a new Member [the session was a] great way to get up to speed.”

26th July 2019:

“As a new Member, all aspects of the induction process have been excellent.”

“Excellent day. Programme was relevant and informative.”

6th September 2019:

“You learn something every session”

“The Beechmere presentation was also most helpful and informative”

8th November 2019:

Several Members commented on the wildfire presentation by firefighters from Macclesfield and Poynton, describing it as “excellent”.

10th January 2020:

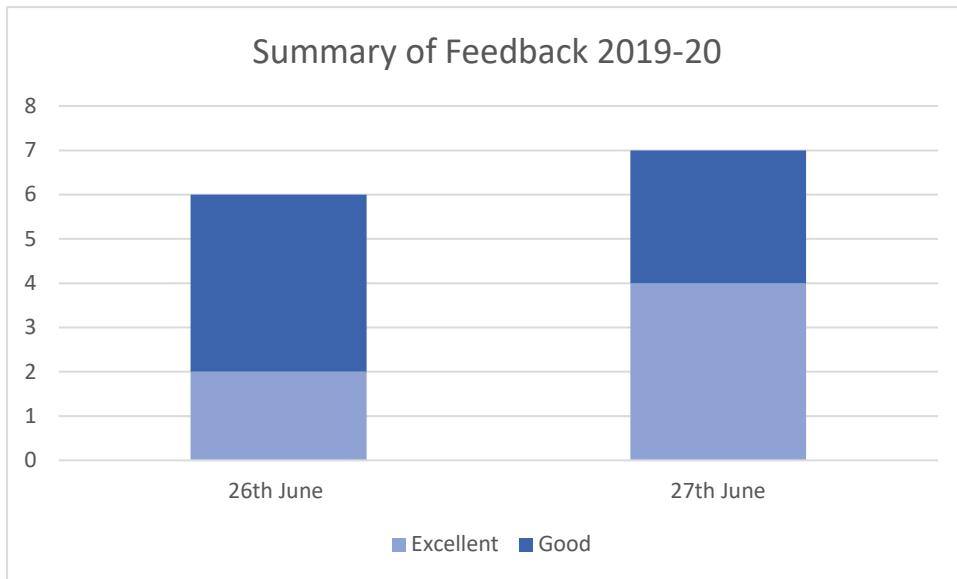
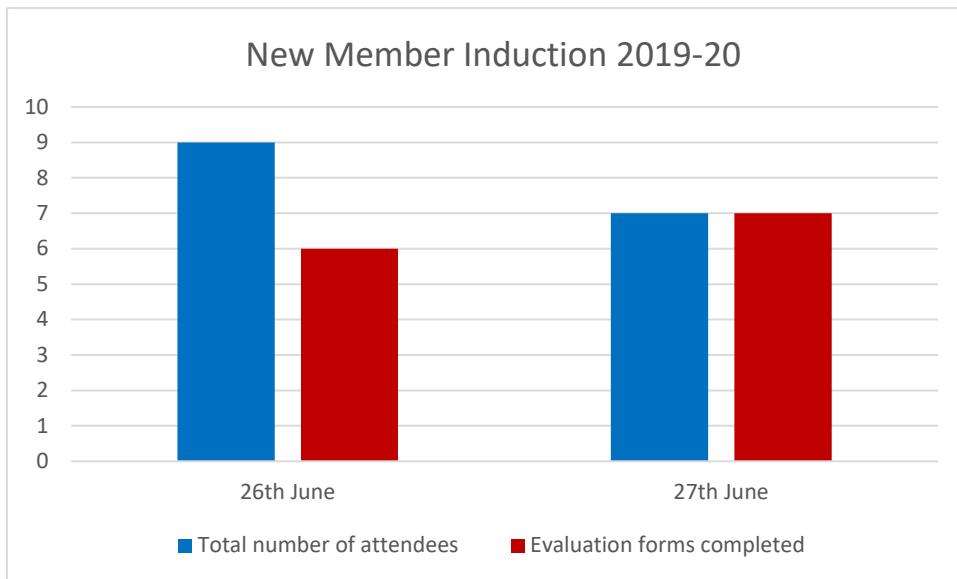
Several Members commented that they found the Beechmere incident presentation extremely helpful.

Note: the Planning Day scheduled to take place on 3rd April 2020 was cancelled due to the Coronavirus pandemic.

Objective 4 – Delivery of a comprehensive and effective induction process for new Members

15 new Members joined the Authority during 2019-20. 2 of the new Members were appointed mid-way through the municipal year and have had informal induction sessions with their officer buddies and the Chief Fire Officer and Chief Executive. They will also be invited to attend the 2020-21 induction session for new Members.

An overview of attendance and completion of evaluation forms, together with a summary of the feedback received from the induction sessions, is shown in the tables below:



Feedback from both sessions was positive. Highlights included:

“Excellent introduction to the role.”

“The session provided excellent background to the Service and a Member’s responsibility.”

“External audit presentation too lengthy.”

Negative comments will be taken into account for future sessions.

Objective 5 – Member Champions – Review current roles and maximise opportunities for Member Champions to access support networks and development opportunities in line with their specific remit

In January 2020, the Member Training and Development Group reviewed a report on the roles and responsibilities of the Authority's Member Champions. Members

noted the information. Officers confirmed that the information would be circulated to all Members ahead of the June Annual General Meeting to ensure all were aware of the remit of the roles.

Officers identified the need for two further champion roles. The Rural Champion was introduced part way through the year and the Mental Health Champion will be implemented for 2020-21.

Throughout the year officers have also enabled Member Champions to receive invited to attend Local Government Association networking groups, training and conferences where relevant.

Objective 6 - Continuous Development

The Member Training and Development Group has reviewed monitoring reports regarding the implementation of the Member Development Strategy 2019-20 at its meetings throughout 2019-20.

The Member Development Strategy 2020-21 was considered by the Member Training and Development Group prior to its submission to the Authority for approval.

Members' Personal Development Reviews for 2019-20 have framed the Member Training and Development Programme for 2020-21. The next round of reviews will take place between August – September 2020 and will continue to be analysed in order to shape future development needs.

Following Cheshire Fire Authority achieving the Charter for Member Development in June 2019, Democratic Services will continue to work with North West Employers to enhance Member training and development. Democratic Services will work to uphold the training standards as set within the Charter and continue to attend the member development networking groups.

Democratic Service will explore a variety of training sessions and delivery options in order to continue providing vital training for Members whilst social distancing guidelines are in place.

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Member Development Strategy 2019-20– Annual Plan

The annual plan will be produced, managed and co-ordinated by the Democratic Services team and will be monitored quarterly by the Member Training and Development Group.

Objective	Key Actions	Responsible Officers	Target Date
1. Identify and prioritise Member Training and Development Needs	1.1 Complete annual personal development reviews and development plans for all Members.	People and Development/ Democratic Services	Dec 19
	1.2 Complete an initial personal development review and check personal development plans for newly elected Members as part of the induction programme.	People and Development/ Democratic Services	July-Oct 19
	1.3 Carry out Training Needs Analysis based on outcomes of PDRs and Members' PDPs and develop a programme for delivery of needs based on priorities.	People and Development/ Democratic Services	Mar 20
2. Review/refresh the Personal Development Review process to ensure that it remains effective for both experienced and new Members	2.1 Carry out a review of the current PDR process to ensure that it remains effective for experienced and new Members.	People and Development/ Democratic Services	Oct-Dec 19
3. Provision of an Annual Member Development Programme that is in line with priorities identified and within available resources.	3.1 Develop Annual Member Development Programme which complements the training needs identified.	Governance and Corporate Planning Manager/Member Training and Development Group (MTDG)	June 19 Mar 20
	3.2 Review the annual programme to ensure that it aligns with any future changes introduced as part of the national Fire Reform Programme.	Governance and Corporate Planning Manager MTDG	Feb 20
	3.2 Produce a quarterly monitoring report on the delivery of the programme for submission to the Member Training and Development Group.	Governance and Corporate Planning Manager	July 19 Oct 19 (cancelled) Dec 19 (Jan 2020) March 20

<u>Objective</u>	<u>Key Actions</u>	<u>Responsible Officers</u>	<u>Target Date</u>
4. Delivery of a comprehensive and effective Induction process for new Members	4.1 Provision of Induction Programme for New Members	Governance and Corporate Planning Manager	July 19 Complete
	4.2 Provision of Information Pack for New Members (on appointment to Fire Authority)	Governance and Corporate Planning Manager	July 19 Complete
	4.3 Annually review the Member/Officer Buddy System to ensure it remains effective	Governance and Corporate Planning Manager / MTDG	Mar 20 (cancelled)
5. Member Champions	5.1 Review current roles and maximise opportunities for Member Champions to access support networks and development opportunities in line with their specific remit	Governance and Corporate Planning Manager / MTDG	Oct-Dec 19
6. Continuous Development	6.1 Produce quarterly monitoring reports in respect of the Strategy's implementation plan for MTDG	Governance and Corporate Planning Manager	July 19 Oct 19 (cancelled) Dec 19 (Jan 2020) March 20
	6.2 Present an annual report on Member Development activities to the Fire Authority	Governance and Corporate Planning Manager / MTDG	Jun 20 (postponed)
	6.3 Carry out an annual review of Member Development Strategy	Governance and Corporate Planning Manager / MTDG	Mar 20
	6.4 Carry out a Member satisfaction survey to provide more in-depth feedback on the service provided to Fire Authority Members and inform future development	Democratic Services/ Communications / MTDG	Mar 20 (cancelled)



MEMBER TRAINING & DEVELOPMENT PROGRAMME 2019/20



MEMBERS TRAINING AND DEVELOPMENT PROGRAMME

2019/2020

DATE	EVENT	SUBJECT	OBJECTIVE	NOTES
2019				
26 June	Induction Session 1	Introduction to CFRS	To provide an overview of the roles and responsibilities of the Fire Authority and to explore a fire station	For new Members. 9 Members attended.
27 June	Induction Session 2	Strategic Vision	To provide an overview of the current strategic version for CFRS and meet the current Service Management Team	For New Members 7 Members attended.
12 July	Planning Day	Overview of CFRS and explanation Whole Service Review, Core Values and Staff Engagement	To engage with Members on the development of the future direction of the Service	All Member event. 19 Members attended.
19 July	Visit	North West Fire Control	To visit North West Fire Control including a presentation on the work undertaken, demonstration and tour of the building	All Member event. 3 Members attended.
26 July	Planning Day	Whole Service Review	To engage with Members on the development of the future direction of the Service	All Member event. 20 Members attended.

4 September	Training Session	Internal Audit / Risk Management Refresh	On the rise of the Performance and Overview Committee. To provide an overview of the Risk Management Structure and Internal Audit processes	All Member event. 8 Members attended.
6 September	Planning Day	Draft Action Plan IRMP 17 Whole Service Review	To engage with Members on the development of the future direction of the Service	All Member event. 15 Members attended.
16 September	Visit	Safety Central Learning Centre	To visit the purpose built facility dedicated to public safety – to learn how to stay safe by experiencing a range of hazards in realistic learning zones that simulate the environments in which injury and harm are most likely to occur	All Member event 4 Members attended.
1 October	Visit	A Day in the Life of a Firefighter	To include both a practical and hands-on experience of:- - Breathing Apparatus - Road Traffic Collision - Incident Command	All Member event. 7 Members attended.
8 Nov	Planning Day	Budget 2020/21 IRMP 17 Update	To provide an update on the IRMP Consultation and 2020/21 Budget	All Member event. 17 Members attended.
2020				
10 January	Planning Day	Medium Term Financial Planning Reserve Update Scrutiny of Business Cases	To update Members on the MTFP Reserve and provide scrutiny of sponsored business cases	All Member event. 19 Members attended.
3 April	Planning Day	Consultation Update: IRMP 17 / Consultation Response from Trade Unions	To engage with Members on the development of the future direction of the Service. Consultation with Trade Unions	All Member event CANCELLED

Training/Development from Personal Development Reviews :	Training/Development associated with Committees
To be included in the MD programme for 2019/20 (brought forward from 2018/19):	Dates to be arranged as part of the Committee timetable where possible:-
Communications – Social Media training Generic IT skills – access to intranet	Governance and Constitution Committee Seminar Corporate Governance issues
Training/Development associated with Member Champion Roles	Performance & Overview Committee Seminar Scrutiny Role
Pensions Board – Role and Responsibilities	Brigade Manager Pay and Performance Committee Briefings Appraisal System – Cheshire Fire Recruitment & Selection Processes (held prior to meetings, as required)
Note: Democratic Services will liaise directly with individual Members in respect of the delivery of training identified on the Personal Development Plans which will include national and regional training sessions where appropriate. Personal Development Reviews will take place between July – September 2019.	

Other Training and Development opportunities for 2019/20 TBC:

Date TBC	Induction Session 4	Social Media/ IT training	Training on the use of the Intranet, Modern.Gov and the Service's Social Media Guidance	All Member event POSTPONED
Date TBC	Induction Session 5	Information Management	A presentation from the Information and Compliance Manager to inform Members of the information management procedures.	All Member event POSTPONED

Agenda Item 7

CHESHIRE FIRE AUTHORITY

MEETING OF: CHESHIRE FIRE AUTHORITY
DATE: 7 OCTOBER 2020
REPORT OF: CHIEF FIRE OFFICER AND CHIEF EXECUTIVE
AUTHOR: GRAEME WORRALL

SUBJECT: INTEGRATED RISK MANAGEMENT PLAN
2020-24 – REVIEW AND CONSULTATION

Purpose of Report

1. To describe the intended approach to the review of the Integrated Risk Management Plan 2020-24 and potential consultation activity.

Recommended: That Members note;

- [1] The proposed approach to the review of the Integrated Risk Management Plan 2020-24 and;
- [2] The potential consultation concerned with the council tax precept 2021-22.

Background

2. Following an extensive consultation process, which was subject to independent assessment, Members approved the Integrated Risk Management Plan 2020-24 (IRMP 2020-24) at its meeting on 1 July 2020. The IRMP 2020-24 outlines the Authority's key plans up to 2024, with projects for 2020-2021 now in progress. Planning for 2021-2022 projects is also now underway. Members will find an extract from the IRMP 2020-24, the 'Summary of our plans', at Appendix 1 to this report.
3. The Fire and Rescue National Framework for England (the Framework) sets out the requirements for integrated risk management plans. It states that: 'Each plan must:
 - reflect up to date risk analyses including an assessment of all foreseeable fire and rescue related risks that could affect the area of the authority;
 - demonstrate how prevention, protection and response activities will best be used to prevent fires and other incidents and mitigate the impact of identified risks on its communities, through authorities working either individually or collectively, in a way that makes best use of available resources;
 - outline required service delivery outcomes including the allocation of resources for the mitigation of risks;

- set out its management strategy and risk-based programme for enforcing the provisions of the Regulatory Reform (Fire Safety) Order 2005 in accordance with the principles of better regulation set out in the Statutory Code of Compliance for Regulators, and the Enforcement Concordat;
- cover at least a three-year time span and be reviewed and revised as often as it is necessary to ensure that the authority is able to deliver the requirements set out in this Framework;
- reflect effective consultation throughout its development and at all review stages with the community, its workforce and representative bodies and partners; and
- be easily accessible and publicly available.

Information

Integrated Risk Management Plan 2020-24 Review

4. The IRMP 2020-24 complies with the requirements of the Framework. However, as time passes it may be necessary to update aspects of the document. Accordingly, an annual review will consider compliance with the Framework.
5. A review may lead to the IRMP 2020-24 being updated/supplemented. As the IRMP 2020-24 was only agreed in July 2020 officers do not believe that a review needs to take place until 2021-22. Accordingly, there will be no requirement to consult about the IRMP 2020-24 this year. The first review of IRMP 2020-24 will be presented to Members in the second half of 2021, with a view to a formal report being considered by Members towards the end of 2021.
6. As time passes there is a greater likelihood that the IRMP 2020-24 will need to be updated/supplemented and that consultation may be necessary.

Council Tax Precept Consultation

7. The Authority is required to carry out some consultation on its proposed level of precept. Normally this has formed part of a broader integrated risk management plan consultation. As the intention is not to consult on the IRMP 2020-24, this year, it makes sense to be prepared to undertake a separate consultation concerned only with the precept.
8. With the current uncertainties over funding and the timing of the government finance settlement it is not clear when a consultation on the precept will take place and how long it will be possible to run the consultation. However, clearly the results of the consultation would need to be available to Members in good time for their February 'budget setting' meeting.

Financial Implications

9. The annual cost of consultation is circa £6k. There will be a small saving by not conducting an integrated risk management plan consultation for 2021-22.

Legal Implications

10. The IRMP 2020-24, approved in July 2020, was produced having regard to the requirements in the National Framework.
11. A consultation on the level of precept would satisfy the Authority's obligations regarding its budget setting for 2021-2022.

Equality and Diversity Implications

12. Consultation on the level of precept will aim to provide an opportunity for a range of diverse groups across the community to take part.

Environmental Implications

13. To minimise environmental impacts, it is proposed that the precept consultation is conducted primarily through online methods.

**CONTACT: DONNA LINTON, GOVERNANCE AND CORPORATE PLANNING
MANAGER
TEL [01606] 868804**

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INTEGRATED RISK MANAGEMENT PLAN 2020-2024

SUMMARY OF PLANS (p.46)

From 2020/2021

- Extend Safe and Well home visits to focus interventions for a broader range of vulnerable people.
- Work with public sector partners to create a strategic road safety plan that will have a real impact on reducing the number of people killed or seriously injured on our roads.
- Develop targeted campaigns to raise awareness and protect our communities from the key causes of fire.
- Review our Risk Based Inspection Programme.
- Expand our 'Sprinklers Save Lives' campaign, promoting the use of sprinklers in business premises and high rise residential properties.
- Move the second fire engine at Ellesmere Port Fire Station to Powey Lane, moving the current fire engine at Powey Lane back to Chester.
- Develop our wildfire capability.
- Review the need for new equipment to improve the effectiveness of our response.
- Review our firefighting water provision and our response to water incidents.
- Comprehensive review of plans and procedures to adapt to Covid-19 guidance and ensure the safety of staff and the wider community.

From 2021/2022

- Change our approach to how we manage heritage risks.
- Launch a Cheshire-wide campaign aimed at owners and occupiers of Houses in Multiple Occupation.
- Replace the aerial appliance and a fire engine at Macclesfield with a High-Reach Fire Engine.
- Provide Rapid Response Rescue Units on all of our primary on-call fire stations.
- Review our specialist resources.
- Invest in a large water carrier to be based at Ellesmere Port and used to support firefighting operations across Cheshire.

From 2022/2023

- Develop a new four year plan.

From 2023/2024

- Change the crewing system at Wilmslow Fire Station to a Day Crewing Duty System.

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