

WEST MIDLANDS FIRE AND RESCUE AUTHORITY



Financial Statements & Notes to the Accounts DRAFT 2023/2024

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Auditors Report

NARRATIVE REPORT BY THE TREASURER

Introduction

West Midlands Fire Service (WMFS) covers an area approaching 92,000 hectares (350 sq. miles) and provides a fire and rescue service to a population of approximately 3 million people living in a million dwellings. It covers the cities of Birmingham, Coventry and Wolverhampton and the Metropolitan Boroughs of Dudley, Sandwell, Solihull and Walsall.

WMFS is accountable to the public via the West Midlands Fire and Rescue Authority (WMFRA), made up of 15 Councilors representing the local authorities. They are also joined by West Midlands Police and Crime Commissioner and two co-opted Members. Headed by the Chair of the Fire Authority, they set the direction for the Service in the best interests of the community. The Service is managed directly by four Brigade Managers – the Chief Executive Officer (CEO), Deputy Chief Fire Officer (CFO), one Assistant CFO and one Assistant CEO.

The Service's activities are governed by the Home Office and legislative responsibilities are set out in the Fire and Rescue Services Act 2004 and the Fire and Rescue National Framework for England.

WMFS works towards 'Making the West Midlands Safer, Stronger and Healthier'. The CEO together with the Executive Leadership Team (ELT), Senior Leadership Team (SLT) and Authority have several strategic commitments that they will always deliver for the people of the West Midlands:

- working with their communities and partners to make them safer and healthier through **prevention** of fires and other emergencies.
- working to **protect** life and property to make communities safer and businesses stronger.
- delivering an assertive, safe, and effective emergency **response** to fires and other emergencies.
- safeguarding their people, planet, and future by delivering a **sustainable** service.
- promoting positive **culture and values** to maintain the trust of their communities and ensure that West Midlands Fire Service is a safe and welcoming place for everyone to work.
- providing **value for money** by delivering their services efficiently and driving improved productivity in everything they do.

Further information can be found on our website www.wmfs.net

Financial position

This narrative report provides a brief explanation of the financial aspects of the Authority's activities and draws attention to the main characteristics of the Authority's financial position.

The Authority's accounts for the financial year 2023/2024 are set out on the following pages and consist of:

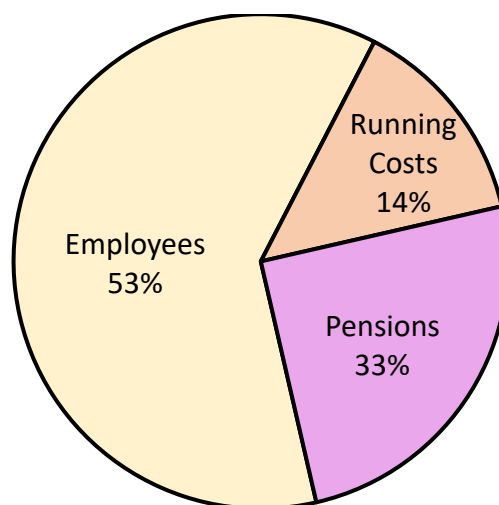
- The Comprehensive Income and Expenditure Statement (CIES), the Authority's main revenue account, covering income and expenditure on all services.
- The Movement in Reserves Statement (MIRS), which shows the movement in the year on the different reserves held by the Authority.
- The Balance Sheet, which sets out the financial position of the Authority as at 31st March 2024.
- The Cash Flow Statement, showing movements in cash and cash equivalents during the year and the cash position at the year-end.
- The Pension Fund Account, which summarises the movements relating to the firefighters' pension schemes (FPS).
- All figures shown in tables are in thousands, unless otherwise stated.

The accounts are supported by notes to the core financial statements.

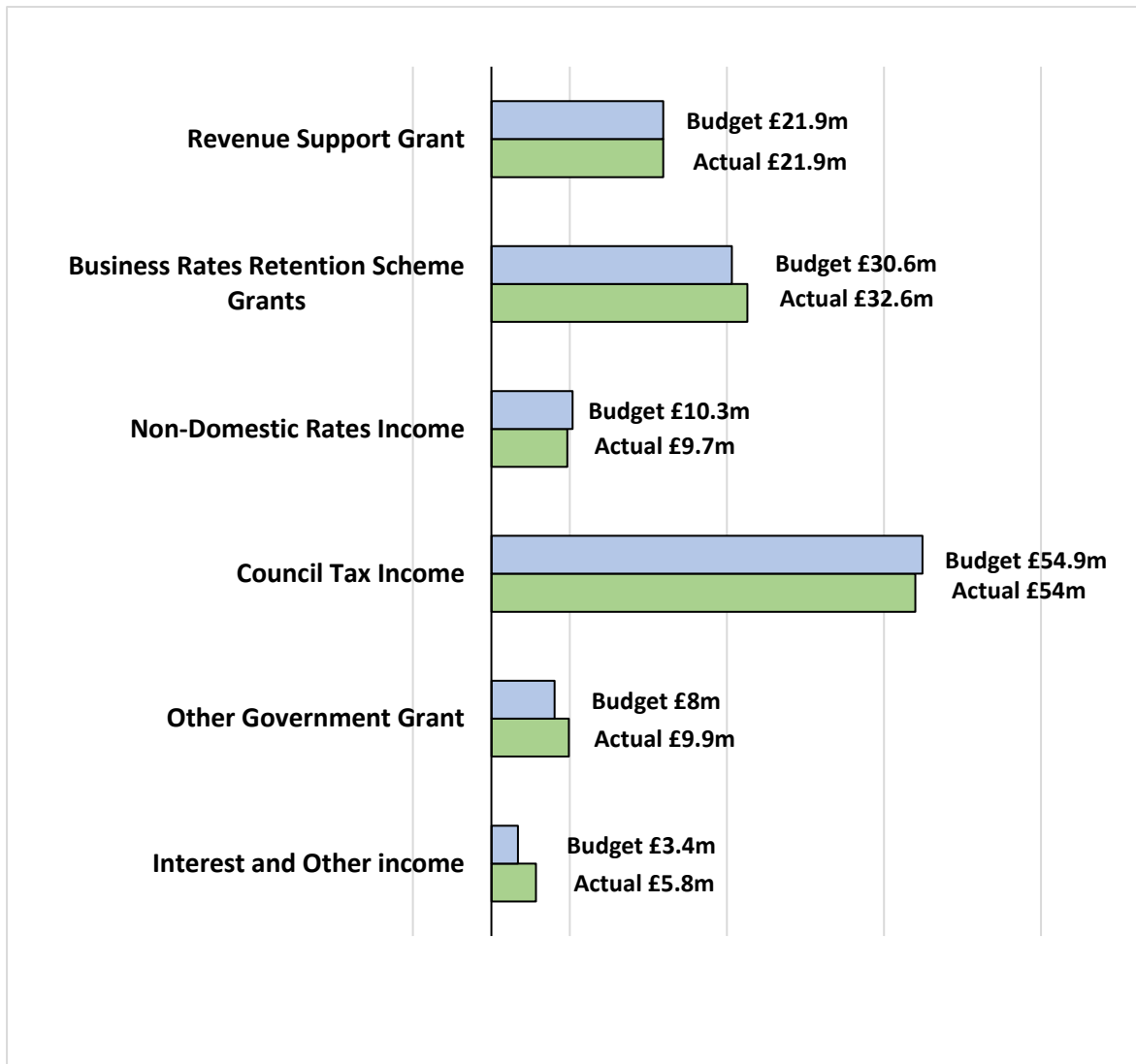
The accounting policies adopted by the Authority comply with the relevant accounting standards except where indicated in notes to the accounts.

After statutory adjustments, such as the removal of depreciation and impairments and applying International Accounting Standard Nineteen (IAS19) entries in relation to pension costs, the CIES for the Authority shows a deficit on provision of services of £49.797m and an overall surplus of £7.082m.

The total expenditure of the Authority in 2023/24 was £183.704m. The types of costs incurred were:



The total income of the Authority to fund expenditure in 2023/24 was £133.907m which came from:



In 2023/24 the Authority spent £2.867m on capital projects, the largest of these being £2.452m on vehicle replacements, £0.145m on roof replacement and £0.136m on boiler replacements. The total expenditure on capital schemes was financed by £2.749m capital receipts and £0.118m direct revenue financing. Note 33 provides details of capital expenditure and capital financing.

In 2023/24 appropriations of £2.623m were made to earmarked general fund reserves and £0.140m to un-earmarked general fund reserves.

The Authority, at its February 2023 meeting authorised the limit for external debt at £36m and the statutory limit for external debt at £39m. As at 31st March 2024, the Authority's actual long-term principal borrowing was £28.590m and short-term principal borrowing was £0.491m as per Note 18.3.

The 2023/24 accounts include the impact of IAS19. The effects of IAS19 are shown within the CIES and Balance Sheet. There is no effect on council tax from the implementation of this standard. The figures disclosed represent a snapshot in time. The accounts show that there is a significant shortfall between the forecast cost of pensions and the current level of assets built up in the pension fund. The Government Actuaries Department (GAD)

review the defined benefit arrangements and appropriate levels of employer & employee contributions.

Financial Outlook

On 18 December 2023, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC) set out the one-year provisional settlement for 2024/25 at £65.614 million, resulting in a funding increase of 4.85% (2023/24: £56.867 million). Pensions Grant of £5.713 million (2023/24 £5.713 million) has been rolled into the settlement this year, to cover the cost of the Firefighters Pensions Employers Contributions. The Services Grant reduced to £0.215 million, a reduction of 85% (2023/24 £1.364 million). The Government also proposed a general Council Tax referendum threshold of 3% for Fire and Rescue Authorities (2023/24: £5 / 7.3%) The funding guarantee ensures that the Authority receives a minimum 3% increase before the local council tax decisions. This was enacted for 2024/25 settlement and came in at £0.152 million (2023/24: nil).

On 5 February 2024, DLUHC confirmed the Authority's 2024-25 Financial Settlement. The funding guarantee increased from £0.152 million to £1.312 million as the Government increased the minimum funding guarantee threshold from 3% to 4%. Total funding including council tax surplus/deficit, increased by £5.808 million or 4.7% to £130.629 million (2023-24: £124.822 million).

The Authority set its 2024/25 budget on 19 February 2024, setting a council tax requirement of £56.219 million (2023/24: £53.864 million) which resulted in a council tax Band D precept increase of £2.18 (2.99%).

West Midlands Fire Service receives a 1% share of business Rates via the seven Constituent West Midlands Councils. This equated to funding of approximately £10.863 million due to the Authority, as part of the Settlement Funding. Following completion of NNDR1 returns the actual income was £9.828 million, plus grant to cover business rates relief of £1.668 million. There are substantial uncertainties regarding Central Government policy for future local government finance with regards to the business rates reset. This, as well as the fair funding review have the potential to significantly impact the funding level for future years.

On 6 April 2023 and 8 September 2023 DLUHC published their responses to the 'McCloud/Sargeant remedy' consultations. The consultations proposed changes to address the discrimination found in the McCloud judgement, in relation to Firefighters Pension transitional projections. Eligible members will be able to choose to receive legacy pension scheme benefits or benefits equivalent to those available under the 2015 reformed scheme for service during the remedy period. The regulations to enact the retrospective remedy came into effect from 1 October 2023.

The Corporate Risk Register has identified a number of major risks that would seriously affect the Authority's ability to carry out its functions. The very nature of the risks has made it extremely difficult to quantify any funding impact that would arise were the risk to materialise. In the short term this would result in a demand on the Authority's General Balances.

Furthermore, there are significant budget pressures affecting the Authority arising from the 'Cost of Living' crisis, particularly pay awards and inflation levels.

Therefore, whilst the Government funding allocation in 2024/25 is higher in cash terms compared to 2023/24, a high level of caution still needs to be applied to future financial years as the funding position and expenditure position remains volatile for the Fire Sector.

Performance Indicators (PI)



The setting of targets against our operational, people, health, safety and wellbeing, and finance and resources performance indicators enables the Service to identify key areas for improvement which contribute to making the West Midlands safer, stronger, and healthier. During 2023/24, the Fire Authority received bi-annual updates of the organisation's performance.

Our risk-based attendance standard lies at the heart of the Service Delivery Model which shows how our people deliver the three strategic objectives of prevention, protection, and response.










A summary of the performance indicators for prevention, protection and response is provided below and further details of Authority's performance monitoring through the Scrutiny Committee can be found at <https://wmfs.cmis.uk.com/cm5/>.




Key:	
Blue	Over performance against the tolerance levels
Green	Performance is within the tolerance levels
Red	Under performance against the tolerance levels

Response




PI 1		The Risk Based Attendance Standard Target: under 5 minutes Actual: 4 minutes 58 seconds Over performance against the tolerance levels
PI 1a		The Risk Based Attendance Standard – call handling Target: Not Applicable Actual: 86 seconds

Prevention


PI 2		<p>The number of accidental dwelling fires Target YTD: 1520 (1444 – 1550) Actual to date: 1355 Over performance against the tolerance levels</p>
PI 3		<p>Injuries from accidental fires in dwellings (taken to hospital for treatment) Target YTD: 47 (38 – 51) Actual to date: 51 Performance is within the tolerance levels</p>
PI 4		<p>The number of deaths from accidental dwelling fires Target YTD: N/A Actual to date: 9</p>
PI 5		<p>The percentage of Safe and Well visits referred by our partners Target YTD: 45% (45% - 47.25%) Actual to date: 56.2% Over performance against the tolerance levels</p>
PI 6		<p>The number of Safe & Well points achieved by the Service Target YTD: 260,000 (260,000 – 275,000) Actual to date: 180,985 Under performance against the tolerance levels</p>
PI 6a		<p>The number of Safe & Well points achieved by the Service – average Safe & Well points per visit Target YTD: Not applicable Actual to date: 8.40</p>
PI 7		<p>The number of people killed or seriously injured (KSI) in road traffic collisions Target YTD: Not applicable Actual to date: 674</p>
PI 8		<p>The number of deliberate fires in dwellings Target YTD: 183 (165 – 192) Actual to date: 191 Performance is within the tolerance levels</p>
PI 9		<p>The number of deliberate fires in non-domestic premises Target YTD: 109 (99 – 114) Actual to date: 94 Over performance against the tolerance levels</p>








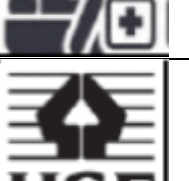
PI 10		<p>The number of deliberate vehicle fires Target YTD: 539 (485 – 564) Actual to date: 510 Performance is within the tolerance levels</p>
PI 11		<p>The number of deliberate rubbish fires Target YTD: 1312 (1181 – 1377) Actual to date: 1238 Over performance against the tolerance levels</p>
PI 12		<p>The number of deliberate fires in derelict buildings Target YTD: 115 (104 – 120) Actual to date: 177 Under performance against the tolerance levels</p>

Protection


PI 13		<p>The number of accidental fires in non-domestic premises Target YTD: 360 (325 – 378) Actual to date: 351 Performance is within the tolerance levels</p>
PI 14a	 Fire alarm	<p>The number of false alarm calls due to fire alarm equipment in dwellings Target YTD: 4885 (4641 – 4982) Actual to date: 5861 Under performance against the tolerance levels</p>
PI 14b	 Fire alarm	<p>The number of false alarm calls due to fire alarm equipment in non-domestic premises Target YTD: 1214 (1154 – 1238) Actual to date: 1437 Under performance against the tolerance levels</p>


People

PI 15		<p>The percentage of employees that have disclosed their disability status Target: 100% (95% - 100%) Actual to date: 89.1% Under performance against the tolerance levels</p>
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PI 16		<p>The number of female uniformed staff Target: 201 (191 – 211) Actual to date: 178 Under performance against the tolerance levels</p>
PI 17		<p>The percentage of all staff from BAME communities Target: 15.1% (14.4% - 15.8%) Actual to date: 14.7% Performance is within the tolerance levels</p>
PI 17a		<p>The percentage of uniformed staff from BAME communities Target: 15.0% (14.25% - 15.75%) Actual to date: 14.4% Performance is within the tolerance levels</p>
PI 18		<p>The average number of working days/shifts lost due to sickness – all staff Target: 1.6 (1.44 – 1.76) Actual: 2.3 Under performance against the tolerance levels</p>
PI 19		<p>The average number of working days/shifts lost due to sickness – uniformed and Fire Control staff Target: 1.7 (1.53 – 1.87) Actual: 2.5 Under performance against the tolerance levels</p>
PI 20		<p>The average number of working days/shifts lost due to sickness – non-uniformed staff Target: 1.4 (1.26 – 1.54) Actual: 1.8 Under performance against the tolerance levels</p>
PI 21		<p>The total number of injuries Target YTD: n/a Actual to date: 112</p>
PI 22		<p>The total number of RIDDOR injuries Target YTD: n/a Actual to date: 9</p>

Enabling Services

PI 24		<p>To reduce gas use of Fire Authority premises Forecast YTD: 9,484,524.3 (8,536,071 – 9,958,750) Actual to date: 3,024,821.0 Over performance against the tolerance levels</p>
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PI 25		To reduce electricity use of Fire Authority premises Forecast YTD: 4,983,546.1 (3,704,657 – 5,232,723) Actual to date: 4,203,012.0 Performance within the tolerance levels
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Note: PI 23 To reduce the Fire Authority's carbon emissions is not included as no information is currently available.

Further information about the accounts is available from:

Finance Manager,
West Midlands Fire Service Headquarters,
99 Vauxhall Road,
Birmingham. B7 4HW.

Telephone : 0121-380-6920
or E-Mail : rebecca.yates@wmfs.net

Interested members of the public also have the right to inspect the accounts before the Audit is completed. The availability of the accounts for inspection is advertised on the Authority's website.

All figures shown in tables are in thousands, unless otherwise stated.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

- (i) 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.
- (ii) manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- (iii) approve the statement of accounts.

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the C.I.P.F.A. / L.A.S.A.A.C. Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, the Treasurer has:

- (i) selected suitable accounting policies and then applied them consistently
- (ii) made judgements and estimates that were reasonable and prudent
- (iii) complied with the local authority Code.

The Treasurer has also:

- (iv) kept proper accounting records which were up to date.
- (v) taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that this statement of accounts gives a true and fair view of the financial position and expenditure and income of the WMFRA for the year ending 31 March 2024.

Carolyn Symcox
Commercial Director – Section 151 Officer

Date:

**STATEMENT OF APPROVAL FOR THE
STATEMENT OF ACCOUNTS**

The statement of accounts for the year 1st April 2023 to 31st March 2024 was approved by the West Midlands Fire & Rescue Authority's Audit and Risk Committee on 22 July 2024.

Councillor Basharat Mahmood
Chair of the Audit and Risk Committee

Date:

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the MIRS and the Expenditure Funding Analysis (EFA).

2022/2023			Service Area	2023/2024		
Gross Expenditure R	Gross Income R	Net Expenditure R		Gross Expenditure	Gross Income	Net Expenditure
1,746	0	1,746	Corporate Management	1,272	0	1,272
6,819	(5,880)	939	Corporate Charges	3,367	(5,737)	(2,370)
3,063	(328)	2,735	Portfolio & Organisational Intelligence	2,263	(1)	2,262
88,636	(3,014)	85,622	Operations	74,009	(1,979)	72,030
2,953	(224)	2,729	Prevention	2,625	(299)	2,326
7,568	(876)	6,692	Protection	6,444	(1,552)	4,892
3,500	(836)	2,664	Finance & Procurement	3,188	(321)	2,867
8,875	(507)	8,368	Digital & Data	8,259	(466)	7,793
8,542	(1,283)	7,259	Response, Fire Control & Emergency Planning	9,574	(1,385)	8,189
1,267	(74)	1,193	Corporate Communications	901	(9)	892
3,526	(94)	3,432	People Support	3,712	(143)	3,569
7,562	(446)	7,116	Development & Inclusion	6,270	(500)	5,770
144,057	(13,562)	130,495	Total Cost of Services	121,884	(12,392)	109,492
506	0	506	Other Operating Expenditure (Note 13)	380	(121)	259
50,266	(893)	49,373	Financing and investment income & expenditure (Note 14)	61,440	(1,809)	59,631
		(109,923)	Taxation and non-specific grant income (Note 15)			(119,585)
		70,451	(Surplus)/Deficit on Provision of Services			49,797
6,089	(16,208)	(10,119)	Surplus or deficit on revaluation of Property, Vehicles, Plant and	2,882	(13,000)	(10,118)
		(596,144)	Re-measurements of the net defined benefit liability/(asset)			(46,761)
		(606,263)	Other Comprehensive Income & Expenditure			(56,879)
		(535,812)	Total Comprehensive Income & Expenditure			(7,082)

R - Prior year figures re-stated, see note 8 for details.

MOVEMENT IN RESERVES STATEMENT

This shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement 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 amounts required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

	Un-earmarked General Fund Reserves	Earmarked General Fund Reserves	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
Balance at 31 March 2022	(3,858)	(29,816)	(33,674)	(2,249)	(74)	(35,997)	1,719,320	1,683,323
Movement in Reserves During 2022/23								
Total Comprehensive Income and Expenditure *	70,451	0	70,451	0	0	70,451	(606,263)	(535,812)
Adjustments between accounting basis and funding basis under regulations (Note 10)	(62,052)	0	(62,052)	(500)	31	(62,521)	62,521	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	8,399	0	8,399	(500)	31	7,930	(543,742)	(535,812)
Transfers to/from Earmarked Reserves (Note 11)	(8,403)	8,403	0	0	0	0	0	0
(Increase)/Decrease in 2022/23	(4)	8,403	8,399	(500)	31	7,930	(543,742)	(535,812)
Balance at 31 March 2023	(3,862)	(21,413)	(25,275)	(2,749)	(43)	(28,067)	1,175,578	1,147,511
Movement in Reserves During 2023/24								
Total Comprehensive Income and Expenditure *	49,797	0	49,797	0	0	49,797	(56,879)	(7,082)
Adjustments between accounting basis and funding basis under regulations (Note 10)	(52,560)	0	(52,560)	2,706	0	(49,854)	49,854	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(2,763)	0	(2,763)	2,706	0	(57)	(7,025)	(7,082)
Transfers to/from Earmarked Reserves (Note 11)	2,623	(2,623)	0	0	0	0	0	0
(Increase)/Decrease in 2023/24	(140)	(2,623)	(2,763)	2,706	0	(57)	(7,025)	(7,082)
Balance at 31 March 2024	(4,002)	(24,036)	(28,038)	(43)	(43)	(28,124)	1,168,553	1,140,429

All figures in tables are shown in thousands unless otherwise stated

- * The total comprehensive income and expenditure is now shown as one line on the basis that the columnar analysis of the usable and unusable reserves automatically separates the movements between the surplus and deficit on the provision of services and other comprehensive income and expenditure.

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses, where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the MIRS line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2023	Description	Note	31 March 2024
161,769	Property, Vehicles, Plant & Equipment	16	172,797
66	Heritage Assets		66
27	Intangible Assets	17	0
846	Other Long Term Assets	34.3	0
162,708	Long Term Assets		172,863
826	Inventories	19	783
20,130	Short Term Debtors	20	24,053
26,530	Cash and Cash Equivalents	21	25,935
47,486	Current Assets		50,771
(944)	Short Term Borrowing	18	(567)
(12,997)	Short Term Creditors	22	(18,234)
(13,941)	Current Liabilities		(18,801)
(755)	Provisions	23	(861)
(29,839)	Long Term Borrowing	18	(28,590)
(1,313,170)	Other Long Term Liabilities	34.3	(1,315,811)
(1,343,764)	Long Term Liabilities		(1,345,262)
(1,147,511)	Net Assets		(1,140,429)
(28,067)	Usable Reserves		(28,124)
1,175,578	Unusable Reserves	12	1,168,553
1,147,511	Total Reserves		1,140,429

Carolyn D'Costa
Head of Finance and Procurement – Section 151 Officer

Date:

CASH FLOW STATEMENT

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

2022/2023	Description	2023/2024
70,451	Net (surplus) or deficit on the provision of services	49,797
(67,443)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 24.2)	(53,697)
500	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 24.3)	43
3,508	Net cash flows from Operating Activities	(3,857)
1,999	Investing Activities (Note 25)	2,825
827	Financing Activities (Note 26)	1,627
6,334	Net (increase)/decrease in cash and cash equivalents	595
32,864	Cash and cash equivalents at the beginning of the reporting period	26,530
26,530	Cash and cash equivalents at the end of the reporting period (Note 21)	25,935

NOTES TO THE CORE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2023/24 financial year and its position as at the year-end, 31 March 2024. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the Accounts to be prepared in accordance with proper accounting practices.

It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under the Local Government Act 2003.

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

The Statement of Accounts has been prepared on a going concern basis. The Treasurer expectations are that this will continue for the foreseeable future. Using reserves the Authority has a balanced budget for the Medium Term Financial Plan period and robust and deliverable plans for a balanced budget going forward.

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 or services 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 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.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded on 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.
- Accruals of income and expenditure are subject to a de minimis level of £1,000.

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 a specified period; no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

1.4. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise because 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.

1.5. Charges to Revenue for Non-Current Assets

Services and support services 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 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 within England.

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting Minimum Revenue Provision (MRP) transaction with the Capital Adjustment Account in the MIRS for the difference between the two.

1.6. Council Tax and Non-domestic Rates (NDR)

Billing authorities act as agents, collecting council tax and NDR on behalf of the major preceptors. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

The council tax and NDR included in the CIES is the Authority's share of accrued income for the year. Regulations determine the amount of council tax and NDR that must be included in the Authority's General Fund. The difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the MIRS. The effect on the Surplus or Deficit on the Provision of Services for the year 2023/24 in the CIES is a deficit of £1.580m which is also reflected in the MIRS.

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

Where debtor balances for the above are identified as impaired because of a 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 Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

1.7. Employee Benefits

1.7.1 Benefits Payable during Employment

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

1.7.2 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 segment or, where applicable, to a corporate service segment at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the

relevant accounting standards. In the MIRS, 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.

1.7.3 Post-Employment Benefits

Employees of the Authority are members of four separate pension schemes:

- Uniformed Firefighters – Original (1992) Scheme

This is an unfunded scheme, which is administered by the Authority in accordance with Government regulations. For such schemes, as there are no investment assets, IAS19 requires recognition of the liability and pension reserve in the Balance Sheet and transactions in the CIES for movements in the liability and reserve. The pension costs that are charged to the Authority's accounts in respect of these employees are equal to the contributions paid to the pension fund for these employees. The scheme was only open to those firefighters in the scheme as at 31st March 2006 and the employer's contribution is higher than for the new FPS. All contributions are made into a pension fund and equally the payments to pensioners are paid out of the same fund. This is then balanced by a contribution to or from the fund by the Government each year.

- Uniformed Firefighters – (2006) Scheme

On 1st April 2006 a new FPS was established for new firefighters, retained firefighters and for uniformed employees carrying out operational duties in the old pension scheme who wished to transfer to the new scheme. This scheme is an unfunded scheme and operates in the same way as the old scheme except for the reduced level of contribution from employees and employers which reflects the different conditions and benefits of the new scheme. All contributions are made into a pension fund and equally the payments to pensioners are paid out of the same fund. This is then balanced by a contribution to or from the fund by the Government each year.

On 1st April 2015 a new modified section was established for employees who were employed as retained firefighters between 1st April 2000 and 5th April 2006.

- Uniformed Firefighters – (2015) Scheme

On 1st April 2015 a new FPS was established. This scheme is a career average revalued earnings scheme for members starting after the 1st April 2015. Members of the 1992 and 2006 final salary schemes moved into this scheme, unless protection applied. This scheme is an unfunded scheme. All contributions are made into a pension fund and equally the payments to pensioners are paid out of the same fund. This is then balanced by a contribution to or from the fund by the Government each year.

The combined pension fund for uniformed firefighters as at 31st March 2024 had a net deficit value of £1,315m.

- The Local Government Pension Scheme (LGPS)

Other employees, subject to certain qualifying criteria, are eligible to join the LGPS, administered by City of Wolverhampton Council. The pension costs that are charged to the Authority's accounts, £2.961m in 2023/24 in respect of these employees, are equal to the contributions paid to the funded pension scheme for these employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. The scheme is, however, funded.

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

These schemes are accounted for as defined benefits schemes:

- The liabilities of the West Midlands Metropolitan Authorities Pension Fund (WMMAPF) and the liabilities of the FPS attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method — i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and estimates of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.75% for the FPS and 4.85% for the LGPS.
- The assets of WMMAPF attributable to the Authority are included in the Balance Sheet at their fair value:
 - quoted securities — current bid price
 - unquoted securities — professional estimate
 - unitised securities — current bid price
 - property — market value.
- The change in the net pensions liability is analysed into the following components:
 - Service cost comprising:
 - Current service cost - the increase in liabilities because of years of service earned this year — allocated in the CIES to the services for which the employees worked.
 - Past service cost — the increase in liabilities because 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 CIES within the corporate charges Service line.
 - 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 CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

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

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, 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 based on cash flows rather than as benefits are earned by employees.

The top up grant is accounted for as a remeasurement of the net defined benefit liability.

1.7.4 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 because 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 LGPS.

1.8. 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 events can be identified:

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

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

1.9. Financial Instruments

1.9.1 Financial Liabilities

The Authority has its own portfolio of loans payable directly to the Public Works Loan Board (PWLB); these are initially measured at fair value and carried at their amortised cost except for Other Local Authority debt inherited from the former West Midlands County Council (WMCC) which is held at historic cost. Annual charges are made to the CIES based on the carrying value of the liability multiplied by the effective rate of interest for the instrument.

Debt inherited from the former WMCC is managed by Dudley MBC and redeemed over a period of 40 years from 1st April 1986. Annual charges to the CIES for interest payable were charged on this debt in 2023/24 at a rate of 5.5%.

Creditors are carried on the balance sheet at amortised cost.

1.9.2 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 cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss, and
- Fair value through other comprehensive income

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest i.e. where the cash flows do not take the form of a basic debt instrument.

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 and are initially measured at fair value. They are subsequently measured at their amortised cost.

Debtors are carried on the balance sheet at amortised cost.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

1.9.3 Fair Value Measurement

IFRS 13 requires that local authorities measure some of their non-financial and some of their financial instruments at fair value.

The objective of the fair value approach is to estimate the price at which an orderly transaction to sell an asset or transfer a liability would take place between market participants at the measurement date. The measurement assumes that the transaction takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, the most advantageous market.

The Authority measures fair value using the same assumptions that market participants would use when pricing an asset or liability assuming that they will act in their own economic best interest.

For non-financial assets the Authority considers the participant's ability to generate economic benefits by using the asset in its highest and best use.

When determining fair value the Authority's valuers use techniques that are appropriate in the circumstances and for which sufficient data is available maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

These inputs are categorised within the fair value hierarchy as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can assess at the measurement date.
- Level 2 – inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

1.10. 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 CIES until conditions attached to the grant or contribution has been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of 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 Receipts in Advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the MIRS. 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.

1.11. 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.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

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. 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 reversed 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.

Software licences are depreciated on a straight-line basis over a period of five years.

1.12. Inventories

Inventories are included in the Balance Sheet at the latest price. This does not comply with the standard which requires the lower of cost and net realisable value. The total value of stocks held is approximately £0.783m (2022/23 £0.826m) and therefore any difference in accounting treatment will not materially affect the reasonableness of the figures disclosed within the accounts.

1.13. Overheads and Support Services

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

The costs of support services provided to the Authority by Sandwell MBC have been recharged in accordance with Service Level Agreements. These specify the level of service to be provided and the charge.

1.14. Property, Vehicles, 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, vehicles, plant and equipment.

1.14.1 Recognition

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

Expenditure along with associated grant income on non-current assets are capitalised subject to a de minimis level of £10,000.

1.14.2 Measurement

Assets are initially measured at cost, comprising:

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

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

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the CIES, 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 CIES, they are reversed out of the General Fund Balance to the Capital Adjustment Account in

the MIRS.

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

- Infrastructure, community assets and assets under construction — held at historical cost.
- Residential Homes — the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective. The Authority no longer provides residential homes to new tenants and any properties which become or are vacant, are held as surplus assets.
- All other assets — current value, determined on the basis of market value.

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

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

Assets included in the Balance Sheet at current value are revalued annually 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. If an event occurs, such as a dramatic fall in land and property prices, which mean the current values are no longer appropriate, the assets will be revalued again. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for 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 corporate charges service line in the CIES.

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.

1.14.3 Impairment

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

Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the corporate charges

service line in the CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the corporate charges service line in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

1.14.4 Depreciation

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

The following depreciation policies have been adopted:

- Operational Vehicles - straight line over 10 years.
- Ancillary Vehicles - straight line over 5 years.
- Equipment - straight line over 5 years.
- All property assets have been depreciated in line with their life expectancies.
- Freehold land is not depreciated.
- No depreciation is accounted for in the year of acquisition but is accounted for in the year of disposal.

Wilks Head & Eve (WH&E), of 55 New Oxford Street, London, WC1A 1BS is a RICS (Royal Institution of Chartered Surveyors) Regulated Firm, are the Authority's valuers and were instructed to provide valuations for all land and property assets and recommend the appropriate life expectancies. A full valuation of all land and property assets was completed as at 31st March 2024. The Code requires that land and property assets must be revalued every five years as a minimum but must be revalued more regularly where a five year valuation is insufficient to keep pace with material changes in fair value.

WHE also provide valuations for splitting land and building assets into individual components. Where an asset has major components whose cost is significant in relation to the total cost of the item and which have differing estimated useful lives, these components are depreciated separately. The Authority has adopted this as the basis for depreciation from 1st April 2011.

Where an asset it is deemed to be material for component accounting purposes, i.e. valued in excess of £1m, the following individual components have been identified:

- Main structure
- Roof
- Heating and associated systems
- Tower and associated functions
- Electrical
- Lift
- External

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.

1.14.5 Non-Current Assets Held for Sale

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continued use. The following criteria must be met before an asset can be classified as held for sale under this section of the Code:

The asset must be available for immediate sale in its present condition.

The sale must be highly probable; with an active programme to dispose of the asset.

The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value

The sale should be expected to complete within one year of the date of classification.

Assets Held for Sale are valued at the lower of their carrying amount and fair value (market value) less costs to sell at initial reclassification and at the end of each reporting date and are not subject to depreciation. Investment Properties that are to be disposed of are not reclassified as an Asset Held for Sale and remain as Investment Properties until disposed of, reclassified to short term investment properties where they are expected to be disposed of within a year of the balance sheet date.

1.15. Minimum Revenue Provision

Under the Local Government Act 2003, the Authority is required to set aside an amount from revenue as a provision for debt repayment. This amount is known as the MRP.

The calculation is based on Asset Life Method, which is to make a provision over the estimated life of the asset for which borrowing was undertaken.

From 2015/16 onwards the proposed MRP policy was amended to an Annuity base.

The Treasurer has the discretion to make an additional provision.

1.16. Provisions and Contingent Liabilities & Assets

1.16.1 Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the CIES 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.

1.16.2 Contingent Liabilities and assets

A contingent liability or asset arises where an event has taken place that gives the Authority a possible obligation or 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 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 and assets are not recognised in the Balance Sheet but disclosed in a note to the accounts.

1.17. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the Un-earmarked General Fund Balance in the MIRS. 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 CIES. The reserve is then transferred back into the Un-earmarked General Fund Balance in the MIRS 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, local taxation, retirement and employee benefits and do not represent usable resources for the Authority — these reserves are explained in the relevant policies.

1.18. Value Added Tax (VAT)

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

1.19. Restated Figures

For comparative purposes 2022/2023 figures are provided.

The CIES cost of services, notes 7, 8, and 11 show 2022/2023 restated figures for service expenditure and income as some sections have moved service areas.

1.20. Roundings

Unless otherwise stated, the figures that follow have been rounded to the nearest £'000.

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code requires the disclosure of 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 by the Authority.

The standards introduced in the 2024/25 Code that are relevant to the above are:-

- IFRS 16 leases – (but only for those local authorities that have decided to voluntarily implement IFRS15 in the 2023/24 year)
- Lease Liability in a sale and leaseback (Amendments to IFRS 16) issued in September 2022.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020.
- Non-current Liabilities with covenants (Amendments to IAS 1) issued in October 2022.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023

The Authority has concluded that there will be no material impact upon the 2023/24 Statement of Accounts.

The Chartered Institute of Public Finance and Accountancy (CIPFA)/Local Authority (Scotland) Accounts Advisory Committee Local Authority Accounting Code Board has deferred the implementation of IFRS 16 Leases in the public sector until the 2024/25 financial year, with a commencement date of 1 April 2024. This requires lessees to recognise assets subject to leases as right of use assets and as liabilities payable for the right of use of assets. There are exceptions for short term and low value leases. The impact to the Authority's net asset position in the balance sheet is expected to be nil as the right of use assets leases £400k will be offset by an increase in liabilities £400k.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in the Accounts, the Authority has had to make certain judgments about complex transactions or those involving uncertainty about future events. The critical judgments made in the Statement of Accounts are:-

- Property valued at Current Value – The Authority has had all its land and property assets valued on the basis of current value as at 31st March 2024. The Code requires that land and property assets must be revalued every five years as a minimum but must be revalued more regularly where a five year valuation is insufficient to keep pace with material changes in fair value. In 2011 the Authority introduced component accounting to its land and property assets as part of its valuations.
- LGPS Net Defined Pension Asset - The pension surplus reported under IAS 19 is not fully realisable by the Authority in the form of either refunds or reductions in employer’s contributions. The net defined pension benefit asset is limited to the economic benefits realisable by the Authority. As there is a statutory requirement to participate in the LGPS, it does not have an unconditional right to a refund from the WMMAPF and no economic benefit can be recognised.

In accordance with International Financial Reporting Interpretations Committee Standard 14 (IFRIC14) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction - The Authority has made a judgement as to whether an asset ceiling should apply to the pension valuation recognised in the Authority’s balance sheet. The valuation provided by the actuary was a net asset position £10.002m for the funded LGPS.

IAS 19 Employee Benefits requires that, where a pension plan asset exists, it is measured at the lower of the surplus in the defined benefit plan and the asset ceiling. This calculation has been completed by the actuary as at 31st March 2024 and an adjustment is required to apply a pension asset ceiling. The net asset in the balance sheet has been reduced to £nil. A remeasurement £10.002m has been charged to other comprehensive income and expenditure.

4. 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 31st March 2024 for which there is a risk of a material adjustment in the following financial year are:

- Pensions Liability - Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes to retirement age, mortality rates and expected return on pension fund assets. The Government Actuary's Department (GAD) and Hymans Robertson provide the Authority with expert advice about the assumptions to be applied (Note 34).
- The effect of the net pensions' liability of changes in individual assumptions can be measured. For instance, all other factors remaining equal, a 0.5% decrease in the discount rate assumption on the Fire fighters Pension would result in an increase in the pensions liability of £92m, similarly a 0.1% decrease would impact the LGPS by £2.6m (see tables in notes)
- Property, Plant and Equipment – The Authority's assets are depreciated over the useful life assigned by the external valuer. Assumptions are made about the level of repairs and maintenance which could affect the useful lives assigned to assets.

If the useful life of assets is reduced, depreciation would increase and the carry amount of the assets would fall. It is estimated that based on the current carrying value of depreciated assets of £131m at 31st March 2024 the annual depreciation charge for property, plant & equipment assets would increase by approximately £0.4m for every year that the useful life had been reduced. However, the assets are revalued annually and the asset lives are kept under regular review.

5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

5.1 There are no material items of income and expenditure for 2023/24.

6. EVENTS AFTER THE REPORTING PERIOD

6.1 There are no events after the reporting period for 2023/24.

7. EXPENDITURE AND FUNDING ANALYSIS

This shows how annual expenditure is used and funded from resources (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. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

2022/2023 * Restated			Service Area	2023/2024		
Net Expenditure Chargeable to the General Fund **	Adjustments Between Funding and Accounting Basis (Note 7.1)	Net Expenditure in the CIES		Net Expenditure Chargeable to the General Fund**	Adjustments Between Funding and Accounting Basis (Note 7.1)	Net Expenditure in the CIES
1,597	149	1,746	Corporate Management	1,352	(80)	1,272
(3,006)	3,945	939	Corporate Charges	(2,136)	(234)	(2,370)
2,316	419	2,735	Portfolio & Organisational Intelligence	2,317	(55)	2,262
75,294	10,328	85,622	Operations	78,299	(6,269)	72,030
2,337	392	2,729	Prevention	2,401	(75)	2,326
5,653	1,039	6,692	Protection	5,375	(483)	4,892
2,302	362	2,664	Finance & Procurement	2,924	(57)	2,867
7,639	729	8,368	Digital & Data	7,776	17	7,793
6,132	1,127	7,259	Response, Fire Control & Emergency Planning	8,230	(41)	8,189
1,012	181	1,193	Corporate Communications	924	(32)	892
2,962	470	3,432	People Support	3,496	73	3,569
6,193	923	7,116	Development & Inclusion	6,143	(373)	5,770
110,431	20,064	130,495	Cost of Services	117,101	(7,609)	109,492
(102,032)	41,988	(60,044)	Other Income and Expenditure	(119,864)	60,169	(59,695)
8,399	62,052	70,451	(Surplus)/Deficit on Provision of Services	(2,763)	52,560	49,797
(33,674)			Opening General Fund Balance	(25,275)		
(25,275)			Closing General Fund Balance as at 31 March	(28,038)		

** There will be timing differences between EFA figures and those reported to the Strategic Leadership Team.

All figures in tables are shown in thousands unless otherwise stated

2022/2023 *Restated	Adjustments for capital purposes (Note 7.2)	Net change for the pension adjustments (Note 7.3)	Other statutory differences (Note 7.4)	Total Adjustments
Corporate Management	0	167	(18)	149
Corporate Charges	5,014	(1,072)	3	3,945
Portfolio & Organisational Intelligence	0	424	(5)	419
Operations	0	10,208	120	10,328
Prevention	0	386	6	392
Protection	0	1,033	6	1,039
Finance & Procurement	0	344	18	362
Digital & Data	0	731	(2)	729
Response, Fire Control & Emergency Planning	0	1,121	6	1,127
Corporate Communications	0	175	6	181
People Support	0	476	(6)	470
Development & Inclusion	0	904	19	923
Cost of Services	5,014	14,897	153	20,064
Other Income and Expenditure	(3,315)	48,636	(3,333)	41,988
Total	1,699	63,533	(3,180)	62,052

2023/2024	Adjustments for capital purposes (Note 7.2)	Net change for the pension adjustments (Note 7.3)	Other statutory differences (Note 7.4)	Total Adjustments
Corporate Management	0	(61)	(19)	(80)
Corporate Charges	1,980	(2,210)	(4)	(234)
Portfolio & Organisational Intelligence	0	(46)	(9)	(55)
Operations	0	(6,476)	207	(6,269)
Prevention	0	(50)	(25)	(75)
Protection	0	(471)	(12)	(483)
Finance & Procurement	0	19	(76)	(57)
Digital & Data	0	30	(13)	17
Response, Fire Control & Emergency Planning	0	(40)	(1)	(41)
Corporate Communications	0	16	(48)	(32)
People Support	0	17	56	73
Development & Inclusion	0	(349)	(24)	(373)
Cost of Services	1,980	(9,621)	32	(7,609)
Other Income and Expenditure	(1,280)	59,869	1,580	60,169
Total	700	50,248	1,612	52,560

All figures in tables are shown in thousands unless otherwise stated

7.2 Adjustments for capital purposes

This column adds in depreciation and impairment and revaluation gains and losses in the corporate charges services line, and within other income and expenditure:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing i.e. MRP and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. The taxation and non-specific grant income line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

7.3 Net change for the pension adjustments

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.
- For financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

7.4 Other statutory differences

Other statutory differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute:

- For services this represents the impact of accruals for accumulating compensated absences.
- The adjustment under other income and expenditure for taxation and non-specific grant income represents the difference between what is chargeable under statutory regulations for council tax and non-domestic rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

8. PRIOR PERIOD RESTATEMENTS

Prior Period Restatement of Service Expenditure and Income

The Code requires that the Authority shows its expenditure and income on a service basis. During the year some sections have moved service areas. This note sets out how the net expenditure and income has been restated.

Service	As reported CIES 2022/23	Adjustments	2022/23 Restated	Service
Corporate Management	1,746	0	1,746	Corporate Management
Corporate Charges	939	0	939	Corporate Charges
Portfolio and Organisational Intelligence	1,938	797	2,735	Portfolio and Organisational Intelligence
Operations	80,901	4,721	85,622	Operations
Fire Control & Business Continuity	2,301	(2,301)	0	
Prevention	2,574	155	2,729	Prevention
Protection	6,692	0	6,692	Protection
Resourcing	11,446	(8,782)	2,664	Finance & Procurement
Digital & Data	8,368	0	8,368	Digital & Data
Response, Policy & Organisational Assurance	2,286	4,973	7,259	Response, Fire Control & Emergency Planning
Communications & Engagement	1,191	2	1,193	Corporate Communications
People Services	10,113	(6,681)	3,432	People Support
		7,116	7,116	Development & Inclusion
Net Expenditure	130,495	0	130,495	

Service	As reported CIES 2022/23	Adjustments	2022/23 Restated	Service
Corporate Management	1,746	0	1,746	Corporate Management
Corporate Charges	6,819	0	6,819	Corporate Charges
Portfolio and Organisational Intelligence	2,266	797	3,063	Portfolio and Organisational Intelligence
Operations	83,897	4,739	88,636	Operations
Fire Control & Business Continuity	3,380	(3,380)	0	
Prevention	2,782	171	2,953	Prevention
Protection	7,567	1	7,568	Protection
Resourcing	12,462	(8,962)	3,500	Finance & Procurement
Digital & Data	8,875	0	8,875	Digital & Data
Response, Policy & Organisational Assurance	2,331	6,211	8,542	Response, Fire Control & Emergency Planning
Communications & Engagement	1,266	1	1,267	Corporate Communications
People Services	10,666	(7,140)	3,526	People Support
		7,562	7,562	Development & Inclusion
Gross Expenditure	144,057	0	144,057	
Corporate Management	0	0	0	Corporate Management
Corporate Charges	(5,880)	0	(5,880)	Corporate Charges
Portfolio and Organisational Intelligence	(328)	0	(328)	Portfolio and Organisational Intelligence
Operations	(2,996)	(18)	(3,014)	Operations
Fire Control & Business Continuity	(1,079)	1,079	0	
Prevention	(208)	(16)	(224)	Prevention
Protection	(875)	(1)	(876)	Protection
Resourcing	(1,016)	180	(836)	Finance & Procurement
Digital & Data	(507)	0	(507)	Digital & Data
Response, Policy & Organisational Assurance	(45)	(1,238)	(1,283)	Response, Fire Control & Emergency Planning
Communications & Engagement	(75)	1	(74)	Corporate Communications
People Services	(553)	459	(94)	People Support

All figures in tables are shown in thousands unless otherwise stated

		(446)	(446)	Development & Inclusion
Gross Income	(13,562)	0	(13,562)	

9. EXPENDITURE AND INCOME ANALYSED BY NATURE

9.1 The Authority's expenditure and income is analysed as follows:

2022/2023	Expenditure	2023/2024
119,296	Employee expenses	97,448
19,747	Other services expenses	22,457
5,014	Depreciation, amortisation and impairment	1,979
48,636	Pensions interest cost and expected return on pension assets	59,869
1,630	Interest payments	1,571
506	Other operating expenditure	380
194,829	Total Expenditure	183,704
2022/2023	Income	2023/2024
(5,688)	Fees, charges and other service income	(3,873)
(893)	Interest and investment income	(1,809)
(49,715)	Council tax income	(54,072)
(8,533)	Non-domestic rates income from West Midlands Local Authorities	(9,670)
(59,549)	Government grants and contributions	(64,362)
0	Disposal of non-current assets	(121)
(124,378)	Total Income	(133,907)
70,451	(Surplus)/Deficit on the provision of services	49,797

9.2 Revenue from contracts with service recipients

The Authority recognises revenue from contracts with service recipients in accordance with the provisions of IFRS 15 Revenue from Contracts with Customers as reflected in the Code of Practice. Revenue is recognised in the financial year that services are provided in accordance with the performance obligations of the contract.

Amounts included in the CIES for contracts with service recipients:

Revenue from contracts with service recipients	2022/2023	2023/2024
Service Delivery – provision of Fire Control	1,076	1,195
Total included in CIES	1,076	1,195

The value of revenue that is expected to be recognised in the future related to performance obligations that are unsatisfied at the end of the year is:

Details	2022/2023	2023/2024
Not Later than one year	1,139	1,273
Later than one year	1,173	1,311
Amounts of transaction price fully unsatisfied	2,312	2,584

Revenue relates to the recovery of 30% of the total running costs of the Fire Control function. The performance obligations of the contract are met when the services are rendered. An invoice is raised for a fixed amount each month for the service in the month that the service is provided and adjusted at year end for variations.

10. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2022/2023 Adjustments to Revenue Resources	Usable Reserves		
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:			
Pension costs transferred to/(from) the Pensions Reserve	(63,533)	0	0
Council tax and NDR transfers to/(from) Collection Fund Adjustment Account	3,333	0	0
Holiday pay transferred to the Accumulated Absences Reserve	(153)	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(5,644)	0	0
Total Adjustments to Revenue Resources	(65,997)	0	0
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	500	(500)	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1,057	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	2,388	0	0
Total Adjustments between Revenue and Capital Resources	3,945	(500)	0
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0
Application of capital grants to finance capital expenditure	0	0	31
Total Adjustments to Capital Resources	0	0	31
Total Adjustments	(62,052)	(500)	31

2023/2024 Adjustments to Revenue Resources	Usable Reserves		
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:			
Pension costs transferred to/(from) the Pensions Reserve	(50,248)	0	0
Council tax and NDR transfers to/(from) Collection Fund Adjustment Account	(1,580)	0	0
Holiday pay transferred to the Accumulated Absences Reserve	(32)	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(1,985)	0	0
Total Adjustments to Revenue Resources	(53,845)	0	0
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	43	(43)	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1,124	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	118	0	0
Total Adjustments between Revenue and Capital Resources	1,285	(43)	0
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure	0	2,749	0
Application of capital grants to finance capital expenditure	0	0	0
Total Adjustments to Capital Resources	0	2,749	0
Total Adjustments	(52,560)	2,706	0

11. MOVEMENTS IN EARMARKED RESERVES

This note sets out the amounts set aside within the General Fund Balance for earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in both 2022/23 and 2023/24.

General Fund:	Balance at 31 March 2022 R	Transfers out 2022/23 R	Transfers in 2022/23 R	Balance at 31 March 2023 R	Transfers out 2023/24	Transfers in 2023/24	Balance at 31 March 2024
Community Risk Reduction							
Operations							
Tech Rescue	848	273	6	581	321	6	266
UK ISAR	45	51	86	80	194	165	51
Stations / HQ Facilities	0	0	500	500	488	226	238
Vehicle Charges	78	52	0	26	6	0	20
Project Management Support	173	221	88	40	42	22	20
Partnerships	36	13	4	27	9	0	18
Property Maintenance	679	200	0	479	479	0	0
Sustainability	180	35	0	145	44	0	101
Prevention							
Community Safety	18	5	301	314	19	90	385
Community Partnerships	91	5	50	136	47	2	91
Education Materials / Facilities	94	71	0	23	0	35	58
Safeguarding Arrangements	0	0	75	75	75	0	0
Youth Services	0	67	67	0	33	33	0
Protection							
Building Risk Review Program	401	272	0	129	129	0	0
Fire Safety	91	86	0	5	5	0	0
Fire Safety	0	61	61	0	0	0	0
Protection Fund / BSR Grant	329	489	362	202	1006	895	91
Project Management/Support	0	0	72	72	72	0	0
Project Management/Support	85	20	68	133	215	343	261
Response, Fire Ctrl & ER							
Command Delivery	27	93	91	25	5	0	20
Project Management/Support	0	1,678	1,755	77	77	61	61
CBRN	248	434	376	190	137	70	123
Command Delivery	0	247	247	0	0	0	0
COVID-19 Funding	19	40	21	0	0	0	0
Procurement of Ops Equipment	2,471	56	60	2,475	1,608	682	1,549
Command Delivery	360	163	42	239	146	20	113
SSRI/RIDGE	135	84	0	51	12	0	39
Tech Rescue	45	1	5	49	24	5	30

R = Re-stated

All figures in tables are shown in thousands unless otherwise stated

General Fund: (Continued)	Balance at 31 March 2022 R	Transfers out 2022/23 R	Transfers in 2022/23 R	Balance at 31 March 2023	Transfers out 2023/24	Transfers in 2023/24	Balance at 31 March 2024
Portfolio							
Project Management/Support	0	328	328	0	0	0	0
Enabling Services							
Resourcing							
Agile Working	60	11	0	49	49	0	0
Loss of Use Recovery	10	4	4	10	14	4	0
Digital & Data							
ESMCP	1,252	303	183	1,132	84	0	1,048
Enterprise Resource Planning	556	69	25	512	286	164	390
Incident Reporting Systems	139	0	0	139	139	0	0
Other Digital Upgrades	560	425	15	150	143	894	901
Project Management/Support	0	65	230	165	287	122	0
Staffing	298	201	56	153	225	119	47
Communications & Engagement							
Comms/Media Events	2	1	76	77	38	11	50
Community Engagement	10	54	50	6	0	150	156
People							
People Support							
Pension Admin Grant	236	8	0	228	50	0	178
Project Management/Support	0	60	60	0	0	0	0
Project Management/Support	0	0	147	147	87	61	121
Health, Safety & Wellbeing	58	58	64	64	30	0	34
Project Management/Support	0	0	31	31	13	0	18
Project Management/Support	4	4	0	0	0	0	0
Development & Inclusion							
Staff Training & Development	47	48	177	176	158	0	18
Health, Safety & Wellbeing	58	58	35	35	27	0	8
Project Management/Support	0	0	60	60	60	0	0
Staffing	37	18	0	19	19	0	0
Corporate Funding							
2024/25 Budget Reserve	0	0	0	0	0	1,100	1,100
Budget Shortfall Reserve	0	0	0	0	0	1,905	1,905
Forecast Capital Prog. Shortfall	9,368	2,214	252	7,407	1,535	4,688	10,560
Insurance Reserve	6,731	4,051	100	2,780	347	534	2,967
Detriments	2,000	0	0	2,000	1,000	0	1,000
NNDR & Local Tax Guarantee	1,995	1,995	0	0	0	0	0
TOTAL	29,816	14,633	6,230	21,413	9,784	12,407	24,036

All figures in tables are shown in thousands unless otherwise stated

12. UNUSABLE RESERVES

31 March 2023	Reserve	31 March 2024
(67,222)	Revaluation Reserve	(76,092)
(70,076)	Capital Adjustment Account	(73,330)
1,312,324	Pensions Reserve	1,315,811
(1,130)	Collection Fund Adjustment Account	450
1,682	Accumulated Absences Account	1,714
1,175,578	Total Unusable Reserves	1,168,553

12.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its property, vehicles, plant, and intangible assets. The balance is reduced when assets with accumulated gains are:

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

2022/2023	Details	2023/2024
(58,661)	Balance 1 April	(67,222)
(16,208)	Upward revaluation of assets	(13,000)
6,089	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	2,882
(68,780)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(77,340)
1,558	Amount written off to the Capital Adjustment Account	1,248
(67,222)	Balance 31 March	(76,092)

12.2 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or 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 CIES (with reconciling postings from the Revaluation Reserve to convert current and 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 Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The note below provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2022/2023	Details	2023/2024
(70,686)	Balance 1 April	(70,076)
	Reversal of items relating to capital expenditure debited or credited to the CIES:	
4,006	Charges for depreciation and impairment of non-current assets	4,584
981	Revaluation losses on Property, Vehicles, Plant and current assets	(2,631)
27	Amortisation of intangible assets	27
630	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	5
(65,042)	Total	(68,091)
(1,558)	Adjusting amounts written out of the Revaluation Reserve	(1,248)
(66,600)	Net written out amount of the cost of non-current assets consumed in the year	(69,339)
	Capital financing applied in the year:	
(31)	Application of grants to capital financing from the capital grants unapplied account	0
(1,057)	Statutory provision for the financing of capital investment charged against the General Fund	(1,124)
0	Capital Receipts	(2,749)
(2,388)	Capital expenditure charged against the General Fund	(118)
(70,076)	Balance 31 March	(73,330)

All figures in tables are shown in thousands unless otherwise stated

12.3 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 CIES 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 the pension fund 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.

2022/2023	Details	2023/2024
1,844,935	Balance 1 April	1,312,324
(596,144)	Re-measurements of the net defined benefit liability/(asset)	(46,761)
81,509	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	69,003
(17,976)	Employer's pensions contributions and direct payments to pensioners payable in the year	(18,755)
1,312,324	Balance 31 March	1,315,811

12.4 Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and NDR in the CIES 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.

2022/2023	Details	2023/2024
2,203	Balance 1 April	(1,130)
(904)	Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	846
(2,429)	Amount by which NDR income credited to the CIES is different from NDR income calculated for the year in accordance with statutory requirements	734
(1,130)	Balance 31 March	450

All figures in tables are shown in thousands unless otherwise stated

12.5 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.

2022/2023			2023/2024	
	1,529	Balance 1 April		1,682
(1,529)		Settlement or cancellation of accrual made at the end of the preceding year	(1,682)	
1,682		Amounts accrued at the end of the current year	1,714	
	153	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		32
	1,682	Balance 31 March		1,714

13. OTHER OPERATING EXPENDITURE

2022/2023	Details	2023/2024
138	(Gains)/losses on the disposal of non-current assets	(116)
368	Levies	375
506	Total	259

14. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2022/2023	Details	2023/2024
1,630	Interest payable and similar charges	1,571
48,636	Net interest on the net defined benefit liability/(asset)	59,869
(893)	Interest receivable and similar income	(1,809)
49,373	Total	59,631

15. TAXATION AND NON SPECIFIC GRANT INCOMES

2022/2023	Grants Details	2023/2024
(49,716)	Council tax income	(54,072)
(8,533)	NDR income from West Midland Local Authorities	(9,670)
(19,858)	Revenue support grant	(21,872)
(29,489)	Business rates retention scheme grants	(32,607)
(2,325)	Services Grant	(1,364)
(2)	Covid-19 Emergency funding grant	0
(109,923)	Total	(119,585)

16. PROPERTY, VEHICLES, PLANT AND EQUIPMENT

16.1 Comparative Movements in 2022/2023

Cost or Valuation	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment ^R	Surplus Assets ^R	Assets Under Construction ^R	Total Property, Vehicles, Plant and Equipment
At 1 April 2022	142,520	31,954	3,432	2,225	180,131
Additions	424	1,889	0	106	2,419
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	7,569	0	(55)	0	7,514
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(981)	0	0	0	(981)
De-recognition – Disposals	(122)	(1,197)	(246)	0	(1,565)
Assets reclassified (to/from Held for Sale)	0	0	0	0	0
Other movements in cost or valuation	0	2,142	92	(2,234)	0
At 31 March 2023	149,410	34,788	3,223	97	187,518
Accumulated Depreciation and Impairment					
At 1 April 2022	0	24,703	1,080	0	25,783
Depreciation charge	2,572	1,395	5	0	3,972
Depreciation written out to the Revaluation Reserve	(2,570)	0	0	0	(2,570)
De-recognition – Disposals	(2)	(1,197)	(237)	0	(1,436)
De-recognition – Other	0	(92)	92	0	0
At 31 March 2023	0	24,809	940	0	25,749
Net Book Value					
At 31 March 2022	142,520	7,251	2,352	2,225	154,348
At 31 March 2023	149,410	9,979	2,283	97	161,769

R – Re-stated

All figures in tables are shown in thousands unless otherwise stated

16.2 Movements on Balances 2023/2024

2023/24	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Surplus Assets	Assets Under Construction	Total Property, Vehicles, Plant and Equipment
Cost or Valuation at 1 April 2023	149,410	34,788	3,223	97	187,518
Additions	341	2,045	0	481	2,867
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	7,304	0	(45)	0	7,259
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	2,631	0	0	0	2,631
De-recognition – Disposals	0	(3,886)	(236)	0	(4,122)
Assets reclassified (to) / from Held for Sale	0	0	0	0	0
Other movements in cost or valuation	0	(116)	187	(71)	0
At 31 March 2024	159,686	32,831	3,129	507	196,153
Accumulated Depreciation and Impairment					
At 1 April 2023	0	24,809	940	0	25,749
Depreciation charge	2,826	1,721	37	0	4,584
Depreciation written out to the Revaluation Reserve	(2,826)	0	(32)	0	(2,858)
De-recognition – Disposals	0	(3,883)	(236)	0	(4,119)
De-recognition – Other	0	(187)	187	0	0
At 31 March 2024	0	22,460	896	0	23,356
Net Book Value					
At 31 March 2023	149,410	9,979	2,283	97	161,769
At 31 March 2024	159,686	10,371	2,233	507	172,797

All figures in tables are shown in thousands unless otherwise stated

16.3 Depreciation

The depreciation rates used in the table above are consistent with those described in the accounting policies statement.

16.4 Capital Commitments

As at the 31st March 2024, the Authority approved capital expenditure in future years of £24.668m of which £0.091m has been contractually committed leaving £24.577m as the uncommitted sum which relates to expenditure on property, plant and equipment.

The largest of these contractual commitments is £18k which represents Vehicle Replacements.

16.5 Revaluations

The Authority had all its property assets valued as at 31st March 2024 based on current value. The work was completed by qualified external valuers, WH&E. Valuations were carried out in accordance with the methodologies and bases for estimation set out in the Royal Institution of Chartered Surveyors (RICS) Professional Standards manual (The Red Book) and is International Valuation Standards compliant. The use of the manual means there is certainty with the valuation process.

Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

17. INTANGIBLE ASSETS

The movement on Intangible Asset balances during 2022/23 and 2023/24 is as follows:

Details	2022/23 Other Assets	2023/24 Other Assets
Balance at start of year:		
Gross carrying amounts	797	797
Accumulated amortisation	(743)	(770)
Net carrying amount at end of year	54	27
Amortisation for the period	(27)	(27)
Net carrying amount at end of year	27	0
Comprising of:		
Gross carrying amounts	797	797
Accumulated amortisation	(770)	(797)
Net carrying amount at end of year	27	0

18. FINANCIAL INSTRUMENTS

18.1 Balance Sheet

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

Financial Assets	Non-Current				Current				Total	
	Investments		Debtors		Investments		Debtors		Total	
	31 Mar 2023	31 Mar 2024	31 Mar 2023	31 Mar 2024	31 Mar 2023	31 Mar 2024	31 Mar 2023	31 Mar 2024	31 Mar 2023	31 Mar 2024
Amortised Cost	0	0	0	0	26,530	25,935	2,092	3,342	28,622	29,277
Total financial assets	0	0	0	0	26,530	25,935	2,092	3,342	28,622	29,277
Assets not defined as financial instruments	0	0	0	0	0	0	18,038*	20,711*	18,038	20,711
Total	0	0	0	0	26,530	25,935	20,130	24,053	46,660	49,988

Financial Liabilities	Non-Current				Current				Total	
	Borrowings		Creditors		Borrowings		Creditors		Total	
	31 Mar 2023	31 Mar 2024	31 Mar 2023	31 Mar 2024	31 Mar 2023	31 Mar 2024	31 Mar 2023	31 Mar 2024	31 Mar 2023	31 Mar 2024
Amortised Cost	(29,839)	(28,590)	0	0	(944)	(567)	(4,095)	(6,569)	(34,878)	(35,726)
Total financial liabilities	(29,839)	(28,590)	0	0	(944)	(567)	(4,095)	(6,569)	(34,878)	(35,726)
Liabilities not defined as financial instruments	0	0	0	0	0	0	(8,902)**	(11,665)**	(8,902)	(11,665)
Total	(29,839)	(28,590)	0	0	(944)	(567)	(12,997)	(18,234)	(43,780)	(47,391)

* Assets not defined as financial instruments are other debtors, see note 20

** Liabilities not defined as financial instruments are other creditors, see note 22

All figures shown in tables are in thousands unless otherwise stated

18.2 Income, Expense, Gains and Losses

Details	2022/23		2023/24	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
Amortised Cost:				
(Gains)/Losses on de-recognition	138	0	(116)	0
Interest revenue	(893)	0	(1,809)	0
Interest expense	1,630	0	1,571	0
Total	875	0	(354)	0

18.3 Loans Outstanding

The Authority has its own portfolio of loans payable directly to the PWLB. Loans are also outstanding to Dudley MBC, which represent the Authority's share of the outstanding loan debt of the WMCC abolished in 1986.

Under accounting requirements, the financial instruments shown in the balance sheet are shown at "amortised cost". This is the carrying amount and comprises the principal amount borrowed and adjusted for breakage costs or stepped interest loans (measured by an effective interest rate calculation) and includes accrued interest.

The amounts owing are as follows:

Details	2022/2023		2023/2024	
	Long-Term	Short-Term	Long-Term	Short-Term
PWLB	(28,809)	(422)	(28,050)	0
Dudley MBC	(1,030)	(446)	(540)	(491)
Total Principal Amount	(29,839)	(868)	(28,590)	(491)
Plus Accrued Interest	0	(76)	0	(76)
Total Amortised Cost	(29,839)	(944)	(28,590)	(567)

18.4 Fair Value Measurement

IFRS 13 requires that local authorities measure some of their financial instruments at fair value and to apply the relevant input levels of the fair value hierarchy that are detailed in 1.9.3 of the Authority's accounting policies.

18.4.1 Fair Value of Assets and Liabilities at Amortised Costs

Except for the financial liabilities and financial assets carried at fair value, all other financial liabilities and financial assets held by the authority are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of cash flows that will take place over the remaining life of the instruments, using the following assumptions:

- Actual ranges of interest rates at 31 March 2024 of 8.00% to 4.41% for loans from the PWLB;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than twelve months, the fair value is taken to be the principal outstanding or the billed amount.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

18.4.2 Financial Liabilities

The fair values are as follows:

Details	2022/2023 Carry Amount	2022/2023 Fair Value	2023/24 Carry Amount	2023/2024 Fair Value
PWLB Short & Long Term Loans	(29,231)	(35,089)	(28,050)	(27,303)
Dudley MBC (WMCC)	(1,476)	(1,476)	(1,030)	(1,030)
Total	(30,707)	(36,565)	(29,080)	(28,333)

Overall, the fair value for 2023/2024 is lower than the carrying amount because the Authority's portfolio of loans includes several fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the balance sheet date.

The fair values for the financial liabilities have been determined by the loans from the PWLB. Link Asset Services provide fair value estimates using both redemption and new borrowing (certainty rate) discount rates. The fair value of WMCC debt is taken to be the same as the amount of principal outstanding.

18.4.3 Financial Assets

The carrying amount and the fair value of the Authority's financial assets are the same due to the short term nature of the transactions.

18.4.4 Fair Value Hierarchy for Financial Assets and Financial Liabilities

The fair value for financial liabilities and financial assets that are not measured at fair value included in Level 2 in the table below have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate.

	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	TOTAL 31 March 2023
<u>FINANCIAL LIABILITIES</u>				
Loans	0	(36,565)	0	(36,565)
Plus Accrued Interest	0	(76)	0	(76)
Total Borrowing	0	(36,641)	0	(36,641)
Creditors	0	(4,095)	0	(4,095)
Total Financial Liabilities	0	(40,736)	0	(40,736)
<u>FINANCIAL ASSETS</u>				
Cash & Cash Equivalents	0	26,530	0	26,530
Total Investments	0	26,530	0	26,530
Debtors	0	2,092	0	2,092
Total Financial Assets	0	28,622	0	28,622

	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	TOTAL 31 March 2024
<u>FINANCIAL LIABILITIES</u>				
Loans	0	(28,333)	0	(28,333)
Plus Accrued Interest	0	(76)	0	(76)
Total Borrowing	0	(28,409)	0	(28,409)
Creditors	0	(6,569)	0	(6,569)
Total Financial Liabilities	0	(34,978)	0	(34,978)
<u>FINANCIAL ASSETS</u>				
Cash & Cash Equivalents	0	25,935	0	25,935
Total Investments	0	25,935	0	25,935
Debtors	0	3,342	0	3,342
Total Financial Assets	0	29,277	0	29,277

All figures shown in tables are in thousands unless otherwise stated

18.5 Nature and extent of risks arising from Financial Instruments

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

Credit risk – the possibility that other parties might fail to pay amounts due to the Authority.

Liquidity risk – the possibility that the Authority might not have the funds available to meet its commitments to make payments.

Market risk – the possibility that financial loss might arise for the Authority because of changes in such measurements as interest rates.

18.5.1 Credit risk

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

The Authority does not generally allow credit for customers, such that £0.491m of the £24.053m Debtors balance is past its due date for payment. The past due amount can be analysed by age as follows:

Split by age	31 March 2023	31 March 2024
Less than three months	434	430
Three to six months	9	30
Six months to one year	11	9
More than one year	44	22
Total	498	491

18.5.2 Liquidity risk

As the Authority has ready access to borrowings, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

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

18.5.3 Market risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments.

During 2023/24, if interest rates on investments had been 0.25% lower with all other variables held constant, the impact on the CIES would be a fall in interest received of £87k (2022/2023 £38k at 0.1%). The impact of a 0.25% increase in interest rates would be the same but reversed, interest would increase by £87k (2022/2023 £38k at 0.1%).

The Authority's borrowing is at fixed rates, therefore there is little flexibility for any movement and impact on the CIES.

19. INVENTORIES

	General Stores		Mechanical Stocks		Heating Oil Petrol/ Diesel		Total	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
Balance outstanding at start of year	639	563	161	158	133	105	933	826
Purchases	1,441	1,859	358	333	773	609	2,572	2,801
Recognised as an expense in the year	(1,527)	(1,988)	(361)	(327)	(801)	(619)	(2,689)	(2,934)
Written off balances	10	90	0	0	0	0	10	90
Balance outstanding at year-end	563	524	158	164	105	95	826	783

Inventories are valued at the year end and included in the balance sheet at latest price.

20. SHORT TERM DEBTORS

31 March 2023	Financial Instruments	31 March 2024
451	Trade receivables	476
1,604	Accrued income	2,815
37	Other receivable amounts	51
2,092	Total Financial Instruments	3,342
Other Debtors		
7,512	Home Office - Pension Fund top up grant	10,379
63	Home Office - Other grants	111
54	DLUHC - Section 31 business rates relief grant	0
8,666	Collection Fund	8,566
1,457	Prepayments	1,376
286	Sandwell MBC - VAT	279
18,038	Total Other Debtors	20,711
20,130	Total Debtors	24,053

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

All figures shown in tables are in thousands unless otherwise stated

Split by age	31 March 2023	31 March 2024
Less than one year	3,571	3,484
One to two years	1,525	1,814
Two to six years	2,009	2,227
More than six years	574	479
Total	7,679	8,004

21. CASH AND CASH EQUIVALENTS

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

31 March 2023		31 March 2024
10	Cash held by the Authority	10
107	Bank current account	(615)
26,413	Bank call account	26,540
26,530	Total Cash and Cash Equivalents	25,935

22. CREDITORS

31 March 2023		31 March 2024
Creditors – Revenue		
Financial Instruments		
(3,691)	Other entities and individuals	(6,031)
(127)	Central government bodies	(285)
(217)	Other local authorities	(193)
(4,035)	Total Financial Instruments	(6,509)
Other Creditors		
(7,536)	Collection fund	(9,016)
(1,280)	His Majesty's Revenue and Customs	(2,554)
(86)	Deferred income	(95)
(8,902)	Total Other Creditors	(11,665)
(12,937)	Total Creditors - Revenue	(18,174)
Creditors – Capital		
Financial Instruments		
(60)	Other entities and individuals	(60)
(60)	Total Creditors – Capital	(60)
(12,997)	Total Creditors	(18,234)

All figures shown in tables are in thousands unless otherwise stated

23. PROVISIONS

An insurance provision of (£0.861m) has been provided for previous years' employee and public liability claims, it is held in line with recommendations of the actuarial valuation. Whilst the Actuary can give advice about the total value of claims they are not able to confirm when these will be submitted.

24. CASH FLOW STATEMENT – OPERATING ACTIVITIES

24.1 The cash flows for operating activities include the following items:

2022/2023		2023/2024
(73)	Interest received	(893)
1,630	Interest paid	1,571

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

2022/2023		2023/2024
(4,006)	Depreciation	(4,584)
(981)	Impairment and downward valuations	2,631
(27)	Amortisation	(27)
20	(Increase)/decrease in impairment for doubtful debts	21
3,364	(Increase)/decrease in Creditors	(5,237)
1,161	Increase/(decrease) in Debtors	3,903
(107)	Increase/(decrease) in Inventories	(44)
(66,147)	Movement in pension liability	(50,248)
(630)	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(5)
(90)	Contributions to Provisions	(107)
(67,443)	Net cash (inflows)/outflows from adjustments to net surplus or deficit on the provision of services for non-cash movements	(53,697)

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

2022/2023		2023/2024
500	Proceeds from the sale of property, vehicles, plant and equipment, investment property and intangible assets	43
500	Net cash (inflows)/outflows from adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	43

25. CASH FLOW STATEMENT - INVESTING ACTIVITIES

2022/2023		2023/2024
2,499	Purchase of property, vehicles, plant and equipment, investment property and intangible assets	2,868
(500)	Proceeds from the sale of property, vehicles, plant and equipment, investment property and intangible assets	(43)
1,999	Net cash (inflows)/outflows from investing activities	2,825

26. CASH FLOW STATEMENT - FINANCING ACTIVITIES

2022/2023		2023/2024
827	Repayments of short and long term borrowing	1,627

27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	31 March 2022	Financing cash flows	Non-cash changes	31 March 2023
Long term borrowings	(30,707)	0	868	(29,839)
Short term borrowings	(904)	828	(868)	(944)
Total liabilities from financing activities	(31,611)	828	0	(30,783)

	31 March 2023	Financing cash flows	Non-cash changes	31 March 2024
Long term borrowings	(29,839)	-	1,249	(28,590)
Short term borrowings	(944)	1,627	(1,250)	(567)
Total liabilities from financing activities	(30,783)	1,627	(1)	(29,157)

All figures shown in tables are in thousands unless otherwise stated

28. OFFICERS' REMUNERATION

The remuneration paid to the Authority's senior employees is as follows:

Total (Including pension) 2022/2023		Salary	Expenses Allowances	Total (excluding pension)	Pension	Total (including pension) 2023/2024
£		£	£	£	£	£
	Senior Officers whose salary is £150,000 or more per year:					
0	Chief Executive Officer (Note 1)	8,384	0	8,384	1,693	10,077
463,982	Former CFO (Chief Fire Officer) – Phil Loach	0	0	0	0	0
214,257	CFO - Wayne Brown (Note 2)	171,164	939	172,103	48,422	220,525
176,613	Deputy CFO – Community Risk Reduction Programme Executive (Note 3)	159,133	1,573	160,706	37,430	198,136
0	Former Deputy CFO – Community Risk Reduction Programme Executive (Note 4)	102,225	0	102,225	29,441	131,666
	Senior Officers whose salary is less than £150,000 but equal or more than £50,000 per year:					
172,687	Former Assistant CFO – Enabling Services Programme Executive	0	0	0	0	0
123,727	Assistant CFO – Enabling Services Programme Executive (Note 5)	111,747	579	112,326	22,573	134,899
132,820	Assistant CFO – People Programme Executive	148,889	1,573	150,462	37,516	187,978
138,170	Former Strategic Enabler of Finance and Resources (Note 6)	63,825	0	63,825	7,846	71,671
0	Strategic Enabler of Finance and Resources (Note 7)	69,846	0	69,846	14,109	83,955
95,358	Strategic Enabler Portfolio	88,649	1,713	90,362	23,444	113,806
1,517,614		923,862	6,377	930,239	222,474	1,152,713

All figures shown in tables are in thousands unless otherwise stated

Note 1 Oliver Lee (CEO) started 15th March 2024.

Note 2 Wayne Brown made permanent CFO 16th December 2022 until 24th January 2024.

Note 3 Simon Barry temporary DCFO 1st April to 31st July 2023, reverted to ACFO from 1st August 2023 until 27th March 2024 and DCFO from 28th March 2024 onwards.

Note 4 Jo Bowcock (DCFO) seconded from 1st August 2023 to 28th March 2024. Seconded from Oxfordshire County Council.

Note 5 ACFO up to 4th September 2023. Head of Development & Inclusion from 5th September 2023.

Note 6 Strategic Enabler of Finance and Resources retired 30th September 2023.

Note 7 Strategic Enabler of Finance and Resources started 17th July 2023.

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration band	2022/23 Number of employees	2023/24 Number of employees
£50,000 to £54,999	136	168
£55,000 to £59,999	69	66
£60,000 to £64,999	40	47
£65,000 to £69,999	23	32
£70,000 to £74,999	13	9
£75,000 to £79,999	3	8
£80,000 to £84,999	3	1
£85,000 to £89,999	2	4
£90,000 to £94,999	1	3
£95,000 to £99,999	3	0
£100,000 to £104,999	0	0
£105,000 to £109,999	0	2
Total	293	340

The table above excludes the senior officers who are reported separately.

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

(a) Exit package cost band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band [(b) +(c)]		(e) Total cost of exit packages in each band £	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
£0 - £20,000	0	2	0	0	0	2	0	1,836
£20,001 - £40,000	0	0	0	1	0	1	0	29,685
£40,001 - £60,000	0	0	2	0	2	0	88,476	0
£60,001 - £80,000	0	0	0	0	0	0	0	0

All figures shown in tables are in thousands unless otherwise stated

£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
Total	0	2	2	1	2	3	88,476	31,521

The Authority agreed to terminate the contract of three employees in 2023/24, incurring costs of £32k (£88k in 2022/23).

29. MEMBERS' ALLOWANCES

The Authority paid the following amounts to Members of the Authority as allowances incurred during the year:

2022/2023		2023/2024
161	Allowances	164
161	Total	164

30. EXTERNAL AUDIT COSTS

Fees payable to the external auditor:

2022/2023			2023/2024
35	Grant Thornton UK LLP	Fees payable for the external planned audit work	112
35	Grant Thornton UK LLP	Additional audit fees	5
70		Total	117

31. 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.

Letters have been sent to Brigade Managers, Statutory Officers and current and former Councillors asking them to identify whether they have any relationships with related parties. Of responses received, no members of the Authority or Chief Officer or parties related to them have undertaken any disclosable related party transactions during the year.

The following material transactions with related parties took place during the year:

2022/2023	Related Party	Nature of Transaction	2023/2024
29,489	Central Government	Business Rates Retention Scheme Grants	32,607
2,325	Central Government	Services Grant	1,364
19,858	Central Government	Revenue Support Grant	21,872
5,713	Central Government	Pensions Grant	5,713
2	Central Government	Covid-19 Grants	0
49,716	West Midland Local Authorities	Council Tax Income	54,072
8,533	West Midland Local Authorities	NDR Income	9,670

Grants received are set out in Note 32.

32. GRANT INCOME

32.1 The Authority credited the following grants, contributions and donations to the CIES in 2023/2024:

	2022/2023	2023/2024
<i>Credited to Taxation and Non Specific Grant Income:</i>		
Business rates retention scheme grants	29,489	32,607
Revenue support grant	19,858	21,872
Services Grant	2,325	1,364
Covid-19 Emergency funding grant	2	0
Total	51,674	55,843
<i>Credited to Services:</i>		
Pensions grant	5,713	5,713
New dimension training crewing and accommodation	878	878
Fire protection board BRR and protection uplift funding	363	362
Birmingham City Council SIDS (Speed Indication Device)	50	0
Fire revenue firelink (Airwave new burden)	231	173
Fire reduction partnership	214	268
Home Office pension administration	0	0
Apprenticeship levy	180	234
ESMCP contingency	47	0
National resilience	86	90
Building safety regulator funding	40	714
New risks Section 29	19	19
DWP access to work	30	44
Redmond review	16	16
New burdens	8	8
Total	7,875	8,519

All figures shown in tables are in thousands unless otherwise stated

33. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2022/2023	2023/2024
Opening CFR	34,327	33,270
Capital investment		
Property, Vehicles, Plant and Equipment	2,419	2,867
Sources of Finance		
Government grants and other contributions	(31)	0
Capital Receipts	0	(2,749)
Sums set aside from revenue:		
Direct Revenue Contributions	(2,388)	(118)
MRP/the Statutory Repayment of Loans Fund Advances	(1,057)	(1,124)
Closing CFR	33,270	32,146

Movements in year	2022/2023	2023/2024
MRP/the Statutory Repayment of Loans Fund Advances	(1,057)	(1,124)
Increase/(decrease) in CFR	(1,057)	(1,124)

All figures shown in tables are in thousands unless otherwise stated

34. DEFINED BENEFIT PENSION SCHEMES

34.1 Participation in Pension Schemes

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

At the 31st March 2024 the Authority participated in four post-employment schemes:

- The WMMAPF for civilian and fire control employees, administered locally by City of Wolverhampton Council — this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.
- The 1992, 2006 and 2015 FPS for fire officers — these are unfunded defined benefit arrangements, there are no investment assets built up to meet the pensions liabilities. Fund Accounts have been set up, into which the Authority and scheme members make contributions and pension payments are made from the fund.

34.2 Transactions Relating to Post-employment Benefits

We recognise 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 MIRS. The following transactions have been made in the CIES and the General Fund Balance via the MIRS during the year:

CIES 2022/2023	LGPS	Firefighters				Total
		Pension Scheme 1992	Pension Scheme 2006	Pension Scheme 2015	Compensation Scheme	
Cost of services:						
Current service cost	7,264	0	(10)	24,680	610	32,544
Past service costs, including curtailments	159	36,220	4,380	(40,430)	0	329
Financing and Investment Income and Expenditure:						
Net interest expense	1,486	39,330	2,260	4,510	1,050	48,636
Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services	8,909	75,550	6,630	(11,240)	1,660	81,509
Other post-employment benefits charged to the CIES:						
Remeasurement of the net defined benefit liability comprising:						
Changes in demographic assumptions	(4,427)	(28,890)	(6,640)	(27,830)	(660)	(68,447)
Changes in financial assumptions	(73,079)	(407,250)	(38,860)	(81,220)	(8,430)	(608,839)
Experience (gains) and losses	11,229	94,490	2,460	640	380	109,199
Return on fund assets in excess of interest	5,784	0	0	0	0	5,784
Other	(572)	(52,364)	(110)	19,205	0	(33,841)
Total post-employment benefits charged to the CIES	(52,156)	(318,464)	(36,520)	(100,445)	(7,050)	(514,635)
MIRS						
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(8,909)	(75,550)	(6,630)	11,240	(1,660)	(81,509)
Actual amount charged against the General Fund Balance for Pensions in the year:						
Employers' contributions payable to the scheme	2,740	166	0	13,395	0	16,301
Retirement benefits payable to pensioners	55	0	0	0	1,620	1,675

All figures shown in tables are in thousands unless otherwise stated

CIES 2023/2024	LGPS	Firefighters				Total
		Pension Scheme 1992	Pension Scheme 2006	Pension Scheme 2015	Compensat ion Scheme	
CIES						
<i>Cost of services:</i>						
Current service cost *	3,371	90	0	5,590	240	9,291
Past service costs, including curtailments	43	(220)	0	20	0	(157)
Financing and Investment Income and Expenditure:						
Net interest expense	(31)	53,210	2,170	3,100	1,420	59,869
Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services	3,383	53,080	2,170	8,710	1,660	69,003
Other post-employment benefits charged to the CIES:						
Remeasurement of the net defined benefit liability comprising:						
Changes in demographic assumptions	(802)	0	0	0	0	(802)
Changes in financial assumptions	(8,097)	(21,050)	(990)	(2,890)	(520)	(33,547)
Experience (gains) and losses	3,854	14,730	500	4,300	(1,240)	22,144
Return on fund assets in excess of interest	(3,953)	0	0	0	0	(3,953)
LGPS Asset ceiling adjustment	10,002	0	0	0	0	10,002
Other	0	(59,255)	(200)	18,850	0	(40,605)
Total post-employment benefits charged to the CIES	4,387	(12,495)	1,480	28,970	(100)	22,242
MIRS						
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(3,383)	(53,080)	(2,170)	(8,710)	(1,660)	(69,003)
Actual amount charged against the General Fund Balance for Pensions in the year:						
Employers' contributions payable to the scheme	2,961	145	0	13,850	0	16,956
Retirement benefits payable to pensioners	59	0	0	0	1740	1,799

* LGPS current service cost includes an allowance for administration expenses of 0.5% of payroll (£77k).

34.3 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:

2022/2023	Funded liabilities: LGPS	Unfunded liabilities: LGPS	Unfunded liabilities: FPS 1992	Unfunded liabilities: FPS 2006	Unfunded liabilities: FPS 2015	Unfunded liabilities: Firefighters Compensation Scheme	Total
Present value of the defined benefit obligation	(128,652)	(541)	(1,173,680)	(46,730)	(61,430)	(31,330)	(1,442,363)
Fair value of plan assets	130,039	0	0	0	0	0	130,039
Net liability arising from defined benefit obligation	0	0	(1,173,680)	(46,730)	(61,430)	(31,330)	(1,313,170)
Net asset arising from defined benefit obligation	1,387	(541)	0	0	0	0	846

2023/2024	Funded liabilities: LGPS	Unfunded liabilities: LGPS	Unfunded liabilities: FPS 1992	Unfunded liabilities: FPS 2006	Unfunded liabilities: FPS 2015	Unfunded liabilities: Firefighters Compensation Scheme	Total
Present value of the defined benefit obligation	(130,185)	(521)	(1,161,040)	(48,210)	(76,550)	(29,490)	(1,445,996)
Fair value of plan assets	140,187	0	0	0	0	0	140,187
LGPS Asset ceiling adjustment	(10,002)	0	0	0	0	0	(10,002)
Net liability arising from defined benefit obligation	0	(521)	(1,161,040)	(48,210)	(76,550)	(29,490)	(1,315,811)

All figures shown in tables are in thousands unless otherwise stated

34.4 Reconciliation of the movements in the fair value of the scheme (plan) assets:

2022/2023	Funded assets: LGPS	Unfunded assets: LGPS	Unfunded assets: FPS 1992	Unfunded assets: FPS 2006	Unfunded assets: FPS 2015	Unfunded assets: Firefighters Compensation Scheme	Total
Opening fair value of scheme assets	133,520	0	0	0	0	0	133,520
Interest income	3,578	0	0	0	0	0	3,578
Remeasurement gain/(loss):							
Return on assets less interest	(5,784)	0	0	0	0	0	(5,784)
Other	572	0	52,364	110	(19,205)	0	33,841
Contributions from Employer	126	55	166	0	13,395	1,620	15,362
Contributions from employees into the scheme	1,201	0	0	10	5,960	0	7,171
Benefits paid	(3,174)	(55)	(52,530)	(120)	(150)	(1,620)	(57,649)
Closing fair value of scheme assets	130,039	0	0	0	0	0	130,039

2023/2024	Funded assets: LGPS	Unfunded assets: LGPS	Unfunded assets: FPS 1992	Unfunded assets: FPS 2006	Unfunded assets: FPS 2015	Unfunded assets: Firefighters Compensation Scheme	Total
Opening fair value of scheme assets	130,039	0	0	0	0	0	130,039
Interest income	6,177	0	0	0	0	0	6,177
Remeasurement gain/(loss):							
Return on assets less interest	3,953	0	0	0	0	0	3,953
Other	0	0	59,255	200	(18,850)	0	40,605
Contributions from Employer	2,961	59	145	0	13,850	1,740	18,755
Contributions from employees into the scheme	1,066	0	0	0	6,200	0	7,266
Benefits paid	(4,009)	(59)	(59,400)	(200)	(1,200)	(1,740)	(66,608)
Closing fair value of scheme assets	140,187	0	0	0	0	0	140,187

All figures shown in tables are in thousands unless otherwise stated

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

2022/2023	Funded liabilities: LGPS	Unfunded liabilities: LGPS	Unfunded liabilities: FPS 1992	Unfunded liabilities: FPS 2006	Unfunded liabilities: FPS 2015	Unfunded liabilities: Firefighters Compensation Scheme	Total
Opening balance at 1 April	(184,443)	(568)	(1,492,310)	(83,250)	(175,270)	(40,000)	(1,975,841)
Current service cost	(7,264)	0	0	10	(24,680)	(610)	(32,544)
Interest cost	(5,064)	0	(39,330)	(2,260)	(4,510)	(1,050)	(52,214)
Contributions from scheme participants	(1,201)	0	0	(10)	(5,960)	0	(7,171)
Remeasurement gains and (losses):							
Changes in demographic assumptions	4,427	0	28,890	6,640	27,830	660	68,447
Changes in financial assumptions	73,107	(28)	407,250	38,860	81,220	8,430	608,839
Experience gains/(losses)	(11,229)	0	(94,490)	(2,460)	(640)	(380)	(109,199)
Past service costs, including curtailments	(159)	0	(36,220)	(4,380)	40,430	0	(329)
Benefits paid	3,174	55	52,530	120	150	1,620	57,649
Closing balance at 31 March	(128,652)	(541)	(1,173,680)	(46,730)	(61,430)	(31,330)	(1,442,363)

All figures shown in tables are in thousands unless otherwise stated

2023/2024	Funded liabilities: LGPS	Unfunded liabilities: LGPS	Unfunded liabilities: FPS 1992	Unfunded liabilities: FPS 2006	Unfunded liabilities: FPS 2015	Unfunded liabilities: Firefighters Compensation Scheme	Total
Opening balance at 1 April	(128,652)	(541)	(1,173,680)	(46,730)	(61,430)	(31,330)	(1,442,363)
Current service cost	(3,371)	0	(90)	0	(5,590)	(240)	(9,291)
Interest cost	(6,146)	0	(53,210)	(2,170)	(3,100)	(1,420)	(66,046)
Contributions from scheme participants	(1,066)	0	0	0	(6,200)	0	(7,266)
Remeasurement gains and (losses):							
Changes in demographic assumptions	802	0	0	0	0	0	802
Changes in financial assumptions	8,136	(39)	21,050	990	2,890	520	33,547
Experience gains/(losses)	(3,854)	0	(14,730)	(500)	(4300)	1240	(22,144)
Past service costs, including curtailments	(43)	0	220	0	(20)	0	157
Benefits paid	4,009	59	59,400	200	1200	1740	66,608
Closing balance at 31 March	(130,185)	(521)	(1,161,040)	(48,210)	(76,550)	(29,490)	(1,445,996)

All figures shown in tables are in thousands unless otherwise stated

34.6 LGPS assets comprised:

Asset category	31 March 2023	%	31 March 2024	%
Equities	81,163	62	69,872	49
Gilts	5,987	5	18,298	13
Other bonds	6,845	5	7,245	5
Property	9,125	7	8,972	6
Cash	4,057	3	6,642	5
Other	22,862	18	29,158	22
Total Assets	130,039	100	140,187	100

34.7 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The FPS have been assessed using an approach and model supplied by GAD and certified by them on 30 April 2024. The WMMAPF has been based on triennial actuarial valuations, the last review being 31 March 2022 and assessed by Hymans Robertson. In calculating the IAS19 figures for the WMMAPF the actuary assumed an investment return of 7.8%.

The significant assumptions used by the actuary have been:

	LGPS		FPS	
	2022/2023	2023/2024	2022/2023	2023/2024
Mortality assumptions:				
Longevity at 65 for current pensioners:				
• Males	21.0	20.9	21.2	21.3
• Females	23.8	23.7	21.2	21.3
Longevity at 65 for future pensioners:				
• Males	22.2	22.0	22.9	22.9
• Females	25.3	25.0	22.9	22.9
Rate of inflation CPI	2.95%	2.75%	2.60%	2.60%
Rate of increase in salaries	3.95%	3.75%	3.85%	3.85%
Rate of increase in pensions	2.95%	2.75%	2.60%	2.60%
Rate for discounting scheme liabilities	4.75%	4.85%	4.65%	4.75%

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 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 schemes 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.

A sensitivity analysis for the WMMAPF as at 31 March 2024 is shown below:

	Approximate increase to defined benefit obligation	
Change in assumptions:		
0.1% decrease in real discount rate	2%	(2,595)
1 year increase in member life expectancy	4%	(5,228)
0.1% increase in the salary increase rate	0%	(159)
0.1% increase in the pension increase rate (CPI)	2%	(2,482)

The tables below show the sensitivity of the defined benefit obligation to changes in the significant actuarial assumptions and the impact on the total liability as at 31 March 2024 for the FPS:

FPS 1992 Change in assumption*	Approximate % increase to Employer liability	Approximate effect on total liability £m
0.5% increase in real discount rate	-6.5%	76
0.5% increase in long term salaries rate	0.5%	(6)
0.5% increase in the pensions increase rate	6.5%	(76)
1 year increase in member life expectancy	2.5%	(31)

The weighted average duration of the defined benefit obligation for scheme members is approximately 14 years.

FPS 2006 Change in assumption*	Approximate % increase to Employer liability	Approximate effect on total liability £m
0.5% increase in real discount rate	-12.5%	6
0.5% increase in salaries rate	6.0%	(3)
0.5% increase in the pensions increase rate	8.5%	(4)
1 year increase in member life expectancy	2.0%	(1)

The weighted average duration of the defined benefit obligation for scheme members is approximately 31 years.

FPS 2015 Change in assumption*	Approximate % increase to Employer liability	Approximate effect on total liability £m
0.5% increase in real discount rate	-12.5%	10
0.5% increase in salaries rate	5.5%	(4)
0.5% increase in the pensions increase rate	9.0%	(7)
1 year increase in member life expectancy	2.0%	(2)

The weighted average duration of the defined benefit obligation for scheme members is approximately 28 years.

* Opposite changes in the assumptions will produce approximately equal and opposite changes in the liability.

34.8 Impact on the Authority's Cash Flows

The objective of the LGPS is to keep employers' contributions at as constant a rate as possible. The WMMAPF has agreed a strategy with the scheme's actuary to achieve a funding level of 100% by no more than 17 years with effect from the 2019 valuation.

The LGPS will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the LGPS in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings scheme to pay pensions and other benefits to certain public servants.

Expected employers' contributions for the FPS in the year to 31 March 2025 are approximately £18m. The last full valuation of the scheme for funding purposes was carried out as at 31 March 2020.

This valuation increased the employer's pension rate from 28.8% to 37.6%. Additional pensions grant is expected to cover the cost of the 2020 actuarial valuation of firefighters' pension scheme. It is expected that this will cover 98% of the additional pressure. The Home Office also confirmed an additional pensions grant for 2024/25 of £4.5m but gave no commitment for future years at that time.

In a letter dated 6 February 2024, the Home Office confirmed that the former section 31 government grant of £5.7m (which related to the 2016 employer's increase in pension rate) would be rolled into the Revenue Support Grant and provides assurance moving forward and therefore this grant will be received every year

35. CONTINGENT LIABILITIES

35.1 Municipal Mutual Insurance Limited (MMI)

MMI, through which the Authority had part of its insurance, ceased writing new insurance business in 1992 and is currently using its available resources to meet outstanding claims. MMI may not know the full extent of its liability claims as it may take several years for them to arise, however the Company has continued to settle claims in an orderly manner. To prevent the costs associated with an insolvent run off, the Company entered into a scheme of arrangement with its creditors. Following a Supreme Court judgement on 28th March 2012 which found against the Company, it is now highly likely that the scheme of arrangement will be triggered. Once the scheme is implemented, the Authority and others will be called upon to reimburse the company with a proportion (up to 100%) of its claims settled since 1st October 1993. The Contingent Liability is for approximately 50% (£2m). Payments of £0.402m (2013/14) & £0.268m (2016/17) have been made and an earmarked reserve is provided for £0.051m. The balance is held in the insurance earmarked reserve (£1.169m).

35.2 Public Service Pensions – Changes to the transitional arrangements to the 2015 schemes

From 1st April 2022 all employees have been moved into the reformed pension scheme. In the case of firefighters this was the 2015 FPS. The estimated pension obligations from this matter have been captured within the defined pension liability. The shortfall in employer contributions will be captured in future scheme valuations as an unfunded, past service deficit and reflected in the employer contribution rates going forward.

The Authority is aware of the lodging of the “injury to feelings” claim concerning the transitional arrangements that were put in place when the 2015 FPS came into effect on 1 April 2015. The claim seeks compensation for individual claimants in respect of non-financial damage. If the claim is successful it is possible that the Authority may be liable to make compensation payments. At this stage the value and quantum of any impact is unknown.

35.3 Tribunal Compensation

There are a number of Employment Tribunals in progress. Timing and level of liability are currently uncertain, but costs could be in the region of £100k to £200k.

36. CONTINGENT ASSETS

36.1 Airwave Contract

The Competition Appeal Tribunal (the Tribunal) took the decision in December 2023 to uphold the Competition and Markets Authority (CMA)'s decision to impose a charge control mechanism on Motorola in respect of the revenue Airwave can earn from its charges.

Motorola has lodged an application for permission to appeal the Tribunal's decision to the Court of Appeal (CoA), but in the meantime has commenced issuing credit notes and discounting invoices to reflect the charge control impact from 1 August 2023 onwards. These credit notes have been applied to the totality of the invoice to the Home Office and therefore need to be apportioned to the various authorities including all Fire and Rescue Authorities (FRA) in England.

Since an appeal request has been lodged with the CoA, any credit which is currently applied and accepted may have to be repaid if subsequently it is decided to overturn the Tribunal's decision and in turn set aside CMA's charge control. Motorola have been clear in their communications that this is the basis on which the credits are being applied.

On the recommendation of the NFCC Finance Committee, the Home Office will be continuing to invoice FRAs in England at the original rate and will not apply the credit notes to the invoices the Home Office sends to FRAs. Instead, it will provide the total value of the credit to Buckinghamshire Fire who have kindly agreed to hold the total of the credit that relates to Fire England until a final court decision is reached. Any monies remaining with Buckinghamshire Fire after the conclusion of the legal process will be shared between all FRAs in England based on their percentage share of the credit, if ultimately Motorola are unsuccessful in their court application. As at 31 March 2024 the Authority's share of the credit is estimated to be £0.187m.

PENSION FUND ACCOUNT

2022/2023					2023/2024			
1992	2006	Modified	2015		1992	2006	Modified	2015
				Contributions Receivable				
				From Fire Authority				
0	0	0	(13,395)	Contributions in relation to pensionable pay	0	0	0	(13,850)
(166)	0	0	(24)	Ill health retirements	(145)	0	0	0
(266)	0	(5)	(5,687)	From firefighters contributions	(1,951)	0	(6)	(4,473)
				Transfers in				
0	(70)	0	(97)	Individual	0	0	0	(23)
				Benefits Payable				
44,544	54	27	58	Pensions	49,166	66	36	154
8,094	27	2	62	Commutations and lump sum retirement benefits	9,426	87	0	141
				Payments to and on account of leavers				
0	8	0	34	Individual transfers	0	12	0	23
52,206	19	24	(19,049)	Net amount payable for the year	56,497	165	30	(17,207)
(52,206)	(19)	(24)	19,049	Top up Grant payable by the Government	(56,497)	(165)	(30)	17,207

2022/2023	NET ASSETS STATEMENT	2023/2024
0	From firefighters contributions	0
0	Pensions	0
0	Ill Health Retirements	26
(165)	Commutations and lump sum retirement benefits	(1,452)
7,512	Top-up receivable from the Government	10,379
(7,347)	Amount owing to General Fund	(8,953)
0	Total	0

All figures shown in tables are in thousands unless otherwise stated

NOTES TO THE PENSION FUND ACCOUNT

The fund was established at 1st April 2006 under the FPS (Amendment) England Order 2006 and covered both the 1992 and 2006 FPS. From 1st April 2015, a new FPS and a modified section in the 2006 scheme was established. The fund now includes the 1992, 2006 and 2015 schemes. Before 1st April 2006 the Authority was responsible for paying the pensions of its own former employees on a pay as you go basis. The FPS remain unfunded and consequently the fund has no investment assets. Benefits are funded by contributions from the Authority and employees and any difference between benefits payable and contributions receivable is met by top-up grant from the Home Office.

Government funding by top-up grant is paid in two instalments, 80% of the estimated annual amount is received in August of the relevant year with the balance paid once actual figures have been determined.

Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Government and are subject to revaluation every four years by GAD. The contribution rates for 2023/24 are shown in the table below, all Firefighters are now in the 2015 Scheme:

Details	2015 Scheme %
Employer's	28.8
Employees' Pensionable pay band	
Up to £27,818	11.0
£27,819 to £51,515	12.9
£51,516 to £142,500	13.5
£142,501 or more	14.5

The fund is administered by the Authority and managed by the Commercial Director. Benefits are paid to retired officers, their survivors and others who are eligible for benefits under both the 1992, 2006 and 2015 FPS.

The fund is statutorily prevented from including interest on cashflows and administration expenses in the pension fund. These expenses are borne by the Authority in its main accounts.

The Net Assets Statement does not include liabilities to pay pensions and other benefits after the 31st March 2024. For further information on the liability to pay pensions see Note 34.

The account is prepared in accordance with the same code of practice and accounting policies as outlined in the Statement of Accounting Policies, with one exception that accounting for transfer values are on a cash basis rather than accruals basis.

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

- 1.1 West Midlands Fire and Rescue Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this duty, the Authority is also responsible for putting in place proper arrangements for the governance of its affairs which facilitates the effective exercise of the Authority's functions and which includes arrangements for the management of risk.
- 1.3 The Authority has complied with the code of corporate governance which is consistent with the principles of the revised CIPFA/SOLACE Framework 2016 published by CIPFA in association with the International Federation of Accountants (IFAC) – Delivering Good Governance in Local Government. The Authority has also complied with the requirements of CIPFA's statement on the role of the Chief Financial Officer in Local Government. This Annual Governance Statement explains how the Authority has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6 which require the Authority to prepare an Annual Governance Statement.

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, culture and values by which the Authority is directed and controlled and its activities through which it accounts to and engages with the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, value for money services.
- 2.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place for the year ended 31st March 2024 and up to the date of the approval of the annual report and statement of accounts.

3. The Governance Framework

The key elements of the systems and processes that comprise the Authority's governance arrangements include the following:

- 3.1 The Authority has produced a Corporate Strategy setting out its objectives and there is regular performance monitoring in which achievement of the Authority's objectives is measured and monitored.
- 3.2 The Authority has established clear channels of communication with the community and stakeholders regarding consultation on the key priorities of the Service. This also encourages open communication.
- 3.3 The Authority facilitates policy and decision-making via regular Policy Planning Forums and Authority meetings. An Audit and Risk Committee provides independent assurance to the Authority on risk management and internal control and the effectiveness of the arrangements the Authority has for these matters. The constitution of the Committees, including the terms of reference, is reviewed annually and available on the Internet.
- 3.4 The Authority ensures compliance with established strategies, procedures, laws and regulations – including risk management. The Authority also maintains and reviews regularly its code of conduct and whistle blowing policy. There is a comprehensive induction programme in place and information regarding strategies and procedures are held on the intranet, which continues to be developed. The Authority has a strong Internal Audit function and established protocols for working with External Audit.
- 3.5 West Midlands Fire and Rescue Authority will continue to enhance and strengthen its internal control environment through the review of current policies and procedures.
- 3.6 The Authority has corporate risk management arrangements in place which are supported by an approved Risk Management Strategy enabling Managers and other senior officers to identify, assess and prioritise risks within their own work areas which impact on the ability of the Authority and its services to meet objectives. To consider the effectiveness of the Authority's risk management arrangements is a specific term of reference for the Audit and Risk Committee and risk management is a specific responsibility of both the Chair and Vice Chair.
- 3.7 The Authority's Corporate Risk Register identifies the principal risks to the achievement of the Authority's objectives and assesses the nature and extent of those risks (through assessment of likelihood and impact). The Register identifies risk owners whose responsibility includes the identification of controls and actions to manage them efficiently, effectively and economically.
- 3.8 The Authority ensures the economical, effective and efficient use of resources, and secures continuous improvement in the way in which its functions are exercised, by having regard to a combination of economy, efficiency and effectiveness as required by the Best Value duty. The Authority plans its spending on an established planning cycle for policy development, budget setting and performance management through the business planning process. This ensures that resources are aligned to priorities and secures best value from the resources that are available.
- 3.9 The Chief Financial Officer is a key member of the leadership team, helping to

develop and implement the Authority's strategy. The Authority's financial system is an ORACLE based general ledger and management information system, which integrates the general ledger function with those of budgetary control and payments. Financial Regulations and Contract Procedure Rules are approved and regularly reviewed by the Authority. A rigorous system of monthly financial monitoring ensures that any significant budget variances are identified in a timely way, and corrective action initiated.

- 3.10 The Authority's performance management and reporting of performance management continues to be improved with a more focused Corporate Strategy, the setting of priorities and is supported by regular performance monitoring.
- 3.11 The Authority within its committee framework has an Appointment, Standards and Appeals Committee to promote high ethical standards amongst Members. This Committee leads on developing policies and procedures to accompany the Code of Conduct for Members and is responsible for local assessment and review of complaints about members' conduct. The Authority also has a Scrutiny Committee which undertakes performance management functions, informs policy development and holds officers and the Authority to account.
- 3.12 The Fire and Rescue National Framework for England sets out a requirement for Fire and Rescue Authorities to publish 'Statements of Assurance'. Specifically, Fire and Rescue Authorities must provide assurance on financial, governance and operational matters and show how they have had due regard to the expectations set out in their Community Risk Management Plan and the requirements included in this Framework. The Authority has approved the Statement of Assurance which is available on the Service's website.

4. Review of Effectiveness

- 4.1 The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the statutory officers and principal managers of the Authority who have responsibility for the development and maintenance of the governance environment, the internal audit annual report and comments made by the external auditor in their Auditor's Annual Report and other reports.
- 4.2 Section unit business plans contain a variety of performance indicators and targets that are regularly reviewed.
- 4.3 The Authority's political governance arrangements, which are appropriately reviewed by officers, set out the responsibilities of both Members and senior managers. In particular, the Authority has identified the following statutory post holders:-
- Chief Fire Officer
 - Treasurer
 - Monitoring Officer

In addition to the statutory posts, the post of Clerk to the Authority has been maintained.

- 4.4 The arrangements for the provision of internal audit are contained within the Authority's Financial Regulations. The Treasurer is responsible for ensuring that there is an adequate and effective system of internal audit of the Authority's accounting and other systems of internal control as required by the Accounts and Audit Regulations 2015. The internal audit provision operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government. The Authority's Audit Plan is prioritised by a combination of the key internal controls, assessment and review on the basis of risk and the Authority's corporate governance arrangements, including risk management. The work is further supplemented by reviews around the main financial systems, scheduled visits to Authority establishments and fraud investigations. Internal Audit leads on promoting a counter-fraud culture within the Authority.
- 4.5 The resulting Audit Plan is discussed and agreed with officers of the Strategic Leadership Team and the Audit and Risk Committee and shared with the Authority's external auditor. Meetings between the internal and external auditor ensure that duplication of effort is avoided. All Authority Audit reports include an assessment of the adequacy of internal control and prioritised action plans to address any areas needing improvement.
- 4.6 The Authority's review of the effectiveness of the system of internal control is informed by:-
- The work undertaken by Internal Audit during the year;
 - The work undertaken by the external auditor reported in their annual audit;
 - Other work undertaken by independent inspection bodies.
- 4.7 From the work undertaken by Internal Audit in 2023/2024 the Internal Audit has given a 'reasonable assurance' that the Authority has adequate and effective governance, risk management and internal control processes. This represents an unqualified opinion and the highest level of assurance available to Audit Services. In giving this opinion it is recognised that assurance can never be absolute. The most that internal audit can provide is reasonable assurance that there are no major weaknesses in the Authority's governance, risk management and control processes.
- 4.8 The Authority is able to confirm that its financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.
- 4.9 Audit Services have reported and advised on the implications of the result of the review of effectiveness of the governance framework by the sources noted above and that the arrangements continue to be regarded as fit for purpose in accordance with the Authority's governance framework. The areas to be specifically addressed are outlined in 5.5.

5. Significant governance arrangements within the Authority

- 5.1 West Midlands Fire & Rescue Authority has a legal duty to provide an efficient, safe and effective fire and rescue service. The key priorities are:-
- working with their communities and partners to make them safer and healthier through **prevention** of fires and other emergencies.
 - working to **protect** life and property to make communities safer and businesses stronger.
 - delivering an assertive, safe, and effective emergency **response** to fires and other emergencies.
 - safeguarding their people, planet, and future by delivering a **sustainable** service.
 - promoting positive **culture and values** to maintain the trust of their communities and ensure that West Midlands Fire Service is a safe and welcoming place for everyone to work.
 - providing **value for money** by delivering their services efficiently and driving improved productivity in everything they do.
- 5.2 These formed the basis of the Authority's three year rolling strategy 2024-27 which set out the outcomes and priorities based on the CRMP (Community Risk Management Plan) and Medium-Term Financial Plan. The CRMP is an assessment of the foreseeable challenges and risks facing our communities and what needs to be done to meet them. We use this analysis to inform the strategic goals, as well as to determine the specific projects we will undertake to achieve those goals and address the risks.
- 5.3 Grant Thornton, the Authority's External Auditors, published the Audit Findings Report for its 2022/2023 audit work which reported an unqualified opinion on the financial statements. They are also required to issue an Auditor's Annual Report (AAR) which provides commentary on the arrangements the Authority has in place to ensure value for money in its use of resources. The AAR for 2021/22 and 2022/23 are in progress and will be reported in due course but no significant weaknesses have been communicated to the Authority to date.
- 5.4 Based on Internal Audit work undertaken during the year, an Annual Internal Audit Report will be presented to the Audit and Risk Committee on 22nd July 2024. Audit work which was completed in 2023/2024 included:-
- Absence Management
 - Governance
 - Partnerships
 - Data Protection
 - Risk Management
 - Accounts Payable
 - Budgetary Control
 - Accounts Receivable
 - Fixed Asset Accounting
 - Payroll
- 5.5 As a result of these audits the following were identified as the main issues:-

Partnerships

An audit was undertaken to review and assess the partnership governance and monitoring processes, and to provide assurance on how well they were embedded within the Authority.

A key function of the Partnership Team is the provision of strategic support to identify, implement and manage appropriate partnerships. This was managed by the introduction of the Partnership and Governance Arrangements and Framework Guidance and Toolkit which were introduced in 2016/2017.

Since the previous audit review in this area the partnership activity has reduced significantly over the past 12-18 months due to both the Covid pandemic and a reduction in the funding available for partnership activities.

Of those partnership arrangements that remained, a number of key issues were identified relating to:

- The Partnerships Governance Arrangements and Framework Guidance /Toolkit documents had not been updated since 2017 and therefore may not reflect current working practices or guidance.
- It was agreed at the time of the last review that quarterly performance checks would be formally undertaken and documented. However, there was no real clear evidence of this on a routine basis for the period reviewed. As such, it was not explicit whether the expected outcomes of projects were being achieved and recognised as so.
- For one of the projects reviewed, there appeared to be an inadequate initial set up, or ongoing monitoring arrangements, due to the lack of a formally agreed memorandum of understanding being established at the outset of the project.
- For the same project there was also a lack of a formally agreed guidance and output requirements from the outset for the funding received for the project.
- For another project, the memorandum of understanding was not signed/endorsed by an appropriate officer from the Fire Service evidencing the formal acceptance of the terms and conditions for the project.
- The memorandum of understanding for a further project was not signed/endorsed by all parties to the project to evidence their formal acceptance of the terms and conditions for the project.

An action plan has been produced by the Authority to address these matters and the implementation of them will be confirmed during a follow-up exercise to be undertaken as part of the internal audit plan for 2024/25.

Budgetary Control

A review of the budgetary control system was undertaken to ensure the Fire Service had established its budget and was managing it appropriately. The review covered controls over monitoring, reporting, changes to budgets and the process to link budgets to medium and long-term plans. One issue was identified relating to the volume and checking of journals. It was acknowledged that a checking regime was in place, but that this could be further strengthened to mitigate the risk of errors not being identified. This would require a check of all journals above a specified limit and a sample check of other transactions. An action plan has been produced by management to address this matter and a

commitment made to review the reasons why journals are necessary and to reduce the volume as appropriate.

- 5.6 The issues outlined above, together with any other issues highlighted in the Annual Internal Audit Report, have been raised with relevant managers and actions have been taken to achieve improvements.

Funding Position

- 5.7 In February 2023, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC) confirmed the Authority's funding settlement for 2023/24 at £56.867m, which was a one-year only settlement.
- 5.8 On 18 December 2023, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC) set out the one-year provisional settlement for 2024-25 at £65.614 million, resulting in a funding increase of 4.85% (2023-24: £56,867 million). Pensions Grant of £5.713 million (2023-24: £5.713 million) has been rolled into the settlement for 2024-25, this grant covers the cost of previous increases to the Firefighters Pensions Employers' Contributions. The Services Grant reduced by 85% to £0.215 million (2023-24: £1.364 million). The Government also proposed a general Council Tax referendum threshold of 3% for Fire and Rescue Authorities (2023-24: £5 / 7.3%). The funding guarantee ensures that the Authority receives a minimum 3% increase before local Council Tax decisions. This was enacted for the 2024-25 settlement and came in at £0.152 million (2023-24: nil).
- 5.9 The Fire Authority's provisional budget position was presented at the West Midlands Local Authorities Leaders' Group meeting on 31 January 2024. The Leaders were supportive of the proposal to increase precept tax for Band D properties by 2.99% in line with the referendum limit that applies to the Authority.
- 5.10 West Midlands Fire Service receives a 1% share of business Rates via the seven Constituent West Midlands Councils. This equated to funding of approximately £10.863 million due to the Authority, as part of the Settlement Funding. Following completion of NNDR1 returns the actual income was £9.828 million, plus grant to cover business rates relief of £1.668 million. There are substantial uncertainties regarding Central Government policy for future local government finance with regards to the business rates reset. This, as well as the fair funding review have the potential to significantly impact the funding level for future years.
- 5.11 Furthermore, there are significant budget pressures affecting the Authority arising from the 'Cost of Living' crisis, particularly pay awards and inflation levels. Therefore, whilst the Government funding allocation in 2024/25 is higher in cash terms compared to 2023/24, a high level of caution still needs to be applied to future financial years as the funding position and expenditure position remains volatile for the Fire Sector.

6. Certification

- 6.1 To the best of our knowledge, the governance arrangements, as outlined above have been effectively operating during the year with the exception of those areas identified as requiring improvement. We propose over the coming year to take

steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our annual review.

Greg Brackenridge
Chair
West Midlands Fire & Rescue Authority

Oliver Lee
Chief Executive Officer

GLOSSARY OF TERMS

Accruals

Income and expenditure are recognised as they are earned or incurred, not as money is received or paid (see Debtors and Creditors).

Accumulated Absences Account

The estimated cost of any untaken employee benefits.

Balance Sheet

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

Capital Adjustment Account

The fundamental principal of capital accounting is that accounting for non-current assets is separated from accounting for their financing. This is one of two reserves that help to manage this separation. It provides a balancing mechanism between the different rates at which assets are depreciated and are financed through the capital controls system.

Capital Expenditure

Expenditure on the acquisition of a fixed asset, or expenditure which adds to, and not merely maintains the value of an existing fixed asset.

Capital Receipt

Money received from the disposal of land and other assets. Capital receipts can only be used to fund capital expenditure.

Chartered Institute of Public Finance and Accountancy (CIPFA)

The only leading professional accountancy body in the UK specialising in the public sector. It has responsibility for setting accounting standards for local government.

Code – code of practice on local authority accounting

The rules and regulations governing the information and layout of the financial reporting statement of the Authority.

Creditor

An amount owed by an authority for work done, goods received or services rendered but for which payment has not been made at the end of the year.

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, cash.

Current Liabilities

Amounts falling due for payment in the next accounting period.

Current Service Cost (Pensions)

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

Debtor

A sum due to the Authority but not received at the financial year end.

Deferred Liability

Amounts owed to outside bodies to be paid in predetermined instalments over more than one accounting period; e.g. leasing charges.

Defined Benefit Pension Scheme

A scheme in which the rules specify the benefits to be paid and the scheme is financed accordingly.

Depreciation

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

Emoluments

These are payments received from employment, usually in the form of wages, salaries or fees.

Employee Benefits

This is the net cost of any untaken benefit e.g. annual leave at the end of the financial year. This figure is shown in the Provision for Accumulated Absences and Accumulated Absences Accounts. The difference between the amounts held on the two balance sheet dates represents the movement in the Comprehensive Income and Expenditure Account.

Fixed Asset

An item from which the Authority will derive a benefit over several accounting periods.

General Fund

The total services of the Authority, the net cost of which is met by Council Tax, NDR and Government Grants.

Government Grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfer of assets to an authority, in return for past or future compliance with certain conditions relating to the activities of the Authority.

Heritage Assets

Assets which are primarily held and maintained for knowledge and cultural purposes.

Impairment

A diminution in value of a fixed asset resulting from, inter alia, obsolescence or physical damage.

Interest Cost (Pensions)

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

International Financial Reporting Standards (IFRS)

The set of accounting standards that has been introduced across the private and public sector from 1st April 2010.

Inventories

The value of those items of raw materials and stores the Authority has procured to use on a continuing basis, but which are not used at the balance sheet date.

Liabilities

Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are payable within one year of the balance sheet date.

Long term Borrowing

The total amounts borrowed from external lenders for capital purposes but not repaid at the balance sheet date.

Long term Debtors

Amounts due to the Authority to be paid in predetermined instalments over more than one accounting period; e.g. car loans to staff.

Materiality

An item is material if its omission, non-disclosure or mis-statement in financial statements could be expected to lead to a distortion of the view given by the financial statements.

Minimum Revenue Provision

An amount that is considered prudent which must be set aside from revenue as provision for the repayment of loan debt.

NDR

Rates which are levied on business properties.

Net Book Value

The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Realisable Value

The open market value of the asset in its existing use (or market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non Operational Assets

Non-current assets held by the Authority but not used or consumed in the delivery of services.

Operational Assets

Non-current assets held and occupied, used or consumed by the Authority in the delivery of services for which it has either a statutory or discretionary responsibility.

Past Service Cost (Pensions)

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

Payment in Advance

Amounts actually paid in a given accounting period prior to the period for which they were payable

Precept

The amount levied upon local authorities in the West Midlands by the Fire Authority.

Provisions

Amounts set aside to meet future liabilities arising from past events but the exact amount and date on which it will arise is uncertain.

Receipts in Advance

Amounts actually received in a given accounting period prior to the period for which they were receivable.

Related Party

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, related parties are deemed to include:

Central Government.

West Midlands Local Authorities.

Members of the Authority or parties related to them.

Chief Officer or parties related to them.

Reserves

Amounts set aside to meet future contingencies but whose use does not affect the Authority's net expenditure in a given year. Appropriations to and from reserves may not be made directly from the revenue account. This is a crucial distinction between provisions and reserves.

Revaluation Reserve

The fundamental principal of capital accounting is that accounting for non-current assets is separated from accounting for their financing. This is one of two reserves that help to manage this separation. It records unrealised revaluation gains arising (since 1st April 2007) from holding non-current assets.

Revenue Expenditure

Revenue Expenditure is money spent on the day-to-day running costs of providing services. It is usually of a constantly recurring nature and produces no permanent assets.

Revenue Support Grant (RSG)

A grant from central Government towards the cost of providing services.

Temporary Loans

This represents money borrowed for a period of less than one year

Useful Life

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