

Statement of Accounts

2023/24

These financial statements replace the unaudited financial statements certified on 30 May 2024 and are certified by the Director of Finance and Corporate Services, as presenting a true and fair view of the financial position of the Kent and Medway Towns Fire Authority as 31 March 2024 and the Authority's income and expenditure for 2023/24.

Alison Hartley

Director of Finance and Corporate Services

Date: 11 December 2024

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Introduction

The purpose of this Report is to provide the reader with:

- An understanding of the Statement of Accounts.
- A review of the Authority's revenue and capital budget outturn for 2023/24.
- An explanation of the Authority's financial position at the end of the financial year.
- An overview of developments which may have an impact on the Authority both now and in the future.
- A commentary on the Authority's financial performance and economy, efficiency and effectiveness in its use of resources in the year which includes:
 - An analysis of the development and the performance of the Authority in the year and its position at the end of the year.
 - Details of the most relevant financial and non-financial performance indicators.

Accounting Statements

The format of the Accounts for Fire and Rescue Authorities is prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA) in their Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code is updated annually and is based on International Financial Reporting Standards (IFRS).

The information contained within this Narrative Report is intended to be fair, balanced and concise. The Accounts and the Narrative Report are published on the Authority's website at www.kent.fire-uk.org.

To provide further detail and more clarity for the reader, each of the main accounts are supported by a number of notes and these follow on from the main statements that are described below.

The main statements in these accounts comprise:

The Comprehensive Income and Expenditure Statement: This is in two sections; the first section shows the net surplus or deficit on the provision of services as a result of income received and expenditure incurred over the financial year. The second section shows any other changes in net worth not included in the first section. Examples here will include any surplus or deficit on the current value of property, plant and equipment and the remeasurement of the net defined benefit liability.

The Movement in Reserves Statement (MIRS): This Statement shows the in-year movement on the reserves held by the Authority. These reserves are divided into two types, usable and unusable, with only the former being able to be applied to fund expenditure. This Statement also shows the change in the General Fund balance and the discretionary transfers that are undertaken to or from earmarked reserves.

The Balance Sheet: This sets out the financial position of the Authority at the end of the financial year. The top section of the Balance Sheet provides details of assets and liabilities, and the bottom section shows the amounts held in usable and unusable reserves.

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The Cash Flow Statement: Summarises the inflows and outflows of cash during the year analysed between those arising as a result of the Authority's operations, those arising from investing activity and those attributable to financing decisions.

The Firefighters' Pension Fund Account: Details income and expenditure for the 1992, 2006, 2006 Modified and the 2015 Firefighters' Pension Schemes.

A glossary of the main terms used in the Statements are detailed on pages 76-79.

Revenue Budget and Expenditure

The Authority's revenue budget is funded by income from Council Tax, Non-Domestic (Business) Rates and various Government grants. To ensure that the revenue budget is sustainable over the medium-term, the Authority agreed to increase the Council Tax charge by 6.01% for 2023/24, resulting in an annual increase of £4.95 for a Band D property. The Band D Council Tax charge was therefore increased to £87.30, providing additional funding of £3.271m for 2023/24. The Council Tax base (the number of Band D equivalent properties in Kent) increased by 1.46% which provided additional funding of £0.781m. Retained Business Rates and associated government grants in relation to Business Rates increased by a net £2.064m for 2023/24.

The Revenue Support Grant was uplifted by September 2022 CPI, providing an additional £675k of funding and the Government continued to provide a Services Grant, albeit the amount was reduced by £0.424m. The Covid-19 pandemic resulted in some large Collection Fund deficits in 2022/23 (£1.207m) but this had returned to a surplus in 2023/24 (£0.289m) increasing funding levels by £1.496m. The authority's net revenue budget was therefore £85.292m for 2023/24.

Pressures faced by the Authority on areas such as pay awards, inflationary prices growth and other commitments totalled £9.445m for 2023/24. One-off adjustments to General Reserves and Earmarked Reserves increased the budget requirement by £2.035m, meaning savings of £3.617m were required to balance the 2023/24 revenue budget.

The revenue budget outturn for 2023/24 was an underspend of £2.922m. The summary of the revenue budget and the final outturn is shown in the table below:

Revenue Budget Outturn 2023/24

All figures shown are in £'000	Original Budget	Revised Budget	Outturn	Variance
Service Costs	81,842	81,586	77,829	-3,757
Direct Pension Costs	2,101	2,101	2,436	335
Capital Financing Costs	3,417	3,223	3,174	-49
Transfers from(-) / to Reserves	-2,068	-1,618	-1,069	549
Total	85,292	85,292	82,370	
Net Revenue Budget surplus for the year				2,922

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Funded From:	£'000
Revenue Support Grant	7,330
Non-Domestic Rates	19,316
Council Tax	58,043
Services Grant	603
Total	85,292

Revenue Budget Outturn 2023/24

A summary of the most significant budget variances is detailed in the following table:

Revenue Budget Variances	£'000
Net underspend on employee related costs (pay, pensions, training etc.)	-2,189
Utilities (including gas and electricity)	469
Vehicle servicing, maintenance and repairs	258
Vehicle fuel and travel	-180
Water hydrant repairs	126
Home Fire Safety Visits equipment	146
Investment income	-1,040
Grant income and other contributions	-686
Other additional income	-97
Other net non-pay variances	271
Net Revenue Budget Underspend	-2,922

At the end of the year £523k was transferred to the Rolling Budget Reserve to fund commitments made in 2023/24, but where the associated costs will not be incurred, or recognised (stock adjustments), until after 31 March 2024. During the year £381k was transferred from this reserve to fund expenditure committed in 2022/23 but not incurred until 2023/24, making the 2023/24 net movement on the Rolling Budget Reserve £142k.

Grant Income

In 2023/24 the Authority recognised £10.327m of revenue grants that are provided to the Authority outside of the core Settlement Funding Assessment (SFA). Details of these grants are provided in Note 20 to the Accounts.

As in previous years the grants recognised in 2023/24 included Government funding towards; employer costs in relation to increased Firefighter Pension Scheme contributions (£3.536m); business rate reliefs given by the Government (£4.146m); New Dimensions and New Threats related work (£1.012m); Services Grant (£603k); additional work in Prevention and Protection (£406k); Firelink (radio communications) (£355k); a grant towards costs incurred due to requirements of the Building Safety Regulator (£113k); training costs for apprentices (£24k); increased costs due to additional audit requirements (£14k); costs incurred to ensure compliance with the Transparency Code (£8k); a grant of £3k to fund costs incurred on a Road Safety Project.

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In addition, grant income has been recognised in relation to; heat decarbonisation (£78k); maritime emergency response (£16k) and compensation payments for the McCloud pensions case (£13k).

Provisions

The Authority continues to make provision for Insurance with regard to claims notified but not yet settled and general provisions, which total £223k, but also for the Authority's share of amounts provided by Kent billing authorities for Non-Domestic Rates appeals of £903k.

During the preliminary investigations in preparation for a Live Fire development at Ashford it was found that the land to be developed had some historic ground contamination due to its previous use, consequently we have worked with the Environment Agency to agree the level of remediation work that is needed. Work in relation to the ground contamination is due to be undertaken during 2024/25 and so a sum equivalent to the estimated value of the remediation work for the ground contamination of £550k has been set aside within general provisions.

Revenue Reserves

At the February 2023 meeting of the Authority, Members agreed to maintain the target level of General Fund balances (also known as the General Reserve) to a level approximately equivalent to 5% of the base revenue budget. In line with this requirement, the General Reserve position at 31 March 2024 has increased by £290k to £4.260m.

In addition to the General Reserve, the Authority also holds a number of other reserves, earmarked for specific purposes, details of which can be found in Note 15 in the Statement of Accounts. At 31 March 2024, earmarked reserves had increased by £1.563m from the position reported at the end of the previous financial year. The majority of funds held in earmarked reserves are within the Infrastructure Reserve, a significant part of which is planned to be used to fund investment in station and premises improvements and the purchase of light and heavy fleet vehicles in future years. It is therefore expected that the funds held within this reserve will diminish over the medium term, as and when capital spend is incurred.

Capital Budget and Expenditure

Capital expenditure is defined as the purchase, improvement or enhancement of an asset, where the benefit of the expenditure will last beyond the year in which it was incurred. Capital expenditure for 2023/24 was £4.719m against a revised budget of £6.552m.

The station development programme reflects some major improvement works on the Live Fire rig at Ashford, the majority of which has been delayed until 2024/25, resulting in money being slipped to 2024/25 (£823k). Planned expenditure for cyclical capital enhancements (£300k) has been slipped to 2024/25 due to being unable to complete all planned works in year. The lease rental on Unit 6 for the vehicle maintenance workshop (£244k) was budgeted in anticipation of having to be recognised on the balance sheet in full compliance with the provisions of leasing accounting changes under IFRS16, but this was delayed a year and now comes into effect for local authorities from 1 April 2024. The Coldharbour fit out ready for the Control Room to be relocated has been completed with an underspend of £3k. Premises works included replacement boilers, generators and roofs. Roofing work was delayed at the Distribution Centre, due to a delay in agreeing a new roofing contract and issues with the design element, so planned expenditure (£106k) has slipped to 2024/25. A combination of small over and underspends has resulted in an underspend of £30k that will be returned back to the Infrastructure reserve. The implementation of the Mobile Data Terminals (MDTs), companion devices and software on all operational pump appliances is now complete, but £95k of expenditure on the project has slipped to 2024/25 as there have been delays in installing the MDTs on the Aerial Ladder Platforms (ALP's) and the new MDT software on the Operation Training Centre

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pumps. The remaining budget of £138k is no longer needed and will be returned to the infrastructure reserve. Some of the budget allocation for 2024/25 (£95k) was brought forward to 2023/24 as the BA Transport and Fleet Technical vans were ready earlier than expected. Contractor delays for the one remaining pool car and other vehicles required £82k to be slipped into next financial year. During the year 3 new response cars were brought into operation (the last of a batch of 66 ordered in 2022/23). A delivery of numerous vehicles was undertaken during the year, including 34 team allocated cars, 8 panel vans and 11 other base vehicles/chassis which are currently being converted for our specific use. We also purchased 5 second hand vehicles, as this represented better value for money, which will be used as Wildfire Transport vehicles after conversion. A combination of various small over and under spends has resulted in a further £12k being returned to the infrastructure reserve.

The table below gives a breakdown of the net £1.833m underspend compared to the revised budget.

Capital Budget Outturn 2023/24

All figures shown are in £'000

	Original Budget	Revised Budget	Outturn	Variance
Station development programme	12,830	2,678	1,308	1,370
Premises	270	386	250	136
Information and communication systems	157	248	15	233
Vehicles and equipment	3,235	3,240	3,146	94
Total	16,492	6,552	4,719	
Net Capital Budget Underspend				1,833

Details of the financing of the capital expenditure can be found in Note 22.

Borrowing and Capital Reserves

The Authority did not plan to fund any capital expenditure from borrowing in 2023/24. In line with previous years, the Authority continues to use temporarily surplus cash balances instead of borrowing from external sources to fund unfinanced capital expenditure from earlier years. A loan of £301k matured during 2023/24 so was repaid, reducing the level of outstanding debt as at 31 March 2024 to £400k.

The Authority received £28k of capital receipts, net of selling costs, during the year for the sale of vehicles. In the year £1.330m of capital receipts were utilised to fund capital expenditure so overall the capital reserve reduced to £8.554m which is the closing balance that will be carried forward as at 31 March 2024.

Treasury Activity

In February 2023, Members agreed the Treasury Management and Investment Strategy for the forthcoming year. The Authority continues to invest in Money Market funds to ensure the maximisation of interest earned whilst still maintaining security and liquidity. Interest rates continued to be raised during the year from 4.25%% in April 2023 to 5.25% in March 2024 resulting in healthy amounts of interest earned on our investments. During the year the Authority earned £2.472m of interest on cash deposits equating to an average interest rate earned of 5.09%.

Treasury Management is undertaken in-house and enables the Authority to respond to bank rate changes immediately and develop our own relationships with banking and investment counterparties,

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although the Authority continues to use the services of a Treasury Advisor for independent treasury advice.

Pension Assets and Liabilities

The presentation of pension assets and liabilities within the accounts is a requirement of the legislation governing the preparation of these accounts. The overall impact of recognising the Authority's firefighters' pension liability of £642.926m on the Balance Sheet has led to an overall negative balance of £482.089m.

Movements on the pension liability can be quite volatile and are not only dependent on the assumptions used but also there is an impact depending on whether it is a full or roll-forward valuation. The Actuary for the firefighter pension schemes has carried out a roll-forward valuation for 2023/24. Changes to the financial assumptions include a minor increase in the discount rate and a minor decrease to RPI inflation but the same assumptions have been used for pension increases (CPI) and salary increases, resulting in a relatively minor change in the value of the defined benefit obligation. The reassessment of the net defined benefit liability has had a significant impact on the Comprehensive Income and Expenditure Statement resulting in a revised remeasurement of (£7.898m) in 2023/24 compared to (£386.083m) in 2022/23.

Full details of the pension fund assets and liabilities can be seen at Note 25.

Financial Climate and Impact on Services

Financial Settlement and Budget for 2024/25 – The Chancellor of the Exchequer delivered the Autumn Statement on 22 November 2023 alongside publication of the Office for Budget Responsibility's (OBR's) updated economic and fiscal forecasts. The Autumn Statement made no specific reference to Fire and Rescue Services and there was very little in the way of new funding announcements for local government in general. It was, however, confirmed that the Chancellor would use new powers (The Non-Domestic Rating Act 2023) to de-couple the Business Rates multipliers, to freeze the Small Business Rates multiplier, and to index the Standard Business Rates multiplier. Although this complicates the Settlement, it does not significantly affect the overall funding for the Authority, as it was confirmed that Section 31 grant would be paid to local authorities to fully compensate for the loss of income resulting from the decision to freeze the Small Business Rates multiplier for 2024/25. However, the Council Tax referendum principles were changed to reflect a maximum increase of 3%, down from the maximum increase last year of £5 on a Band property.

The final Settlement was broadly in line with expectations following announcements in the Autumn Statement 2023 and the Policy Statement issued in December, with core funding increasing in line with September CPI of 6.62%. However, when the final figures were released the reduction to the Authority's Services Grant was bigger than expected (£499k) but it was confirmed that the Authority would receive an additional Funding Guarantee Grant (£1.527m) which would ensure all authorities had at least a 4% increase in Core Spending Power (CSP) excluding changes from increases to Council Tax levels.

As expected, the existing Fire Pensions Grant (totalling £115m for all FRAs) was rolled into the Core Funding Settlement at the current distribution levels, which meant £3.536m was rolled into the Revenue Support Grant for this Authority for 2024/25. The Authority does still receive other government grants outside of the core settlement, such as the Firelink grant, New Dimensions grant and Protection Uplift grant, so there remains some uncertainty over the future of these grants as they are subject to annual ministerial approval as they sit outside of the Core Funding Settlement.

As no new capital grants from Government have been announced, the Authority is currently planning

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to fund the 2024/25 and later years' capital plan through a combination of revenue funding, reserves, capital receipts and potentially borrowing at some future point.

The Authority has an outline four-year [Medium Term Financial Plan](#) (MTFP) contained within the Budget Book approved at the Authority meeting in February 2024. The MTFP was developed in conjunction with the proposals contained within the [Safety and Wellbeing Plan 2022](#) so as to ensure that future plans are funded and sustainable.

The Corporate Plan - Now known as the Customer Safety Plan, reflects the Authority's focus on the customer, so it is the primary planning document for the Authority. All other documents, including the Safety and Wellbeing Plan link into this document. It was updated in July 2021 to reflect six new corporate strategies that set out how we think Kent and Medway will change over the next four years, these are: -

- Customer Safety and Engagement Strategy
- Response and Resilience Strategy
- People Strategy
- Commercial and Procurement Strategy
- Environmental Improvement and Assets Strategy
- Business Change, Information and Technology Strategy

We have also considered plans published by other organisations that look at issues like climate change, house building plans and population change. Our strategies set out what our immediate plans are in response to some of those predicted changes.

Safety and Wellbeing Plan - The Authority works very closely with its partners to ensure Kent and Medway continues to be one of the safest areas to live and work in England. Careful planning and the ability to adapt and respond to change ensures the Authority is able to face the challenges ahead efficiently and effectively. As a result, performance has remained strong and the Authority continues to be one of the best performing authorities in the country.

The most recent Safety and Wellbeing Plan gave an overview of what has changed over the past years including reflecting and adapting to Covid, the new Customer Safety plan and supporting strategies and equality of access to our services. Within the Plan we set out our approach to flexible resourcing, better availability of on-call fire engines, protecting the built environment, capability changes, our plans for our estate and how we can deliver road safety education.

There were no proposals for any station closures, removal of front-line fire engines, or compulsory redundancies of firefighters contained in the Plan.

Whilst the Authority previously led the National Procurement Hub, the national responsibility has now transferred to the BlueLight Commercial organisation. The Authority does, however, continue to feed into the national agenda by leading on national PPE procurement and frameworks. We also collaborate more locally with other FRSs in areas such as Breathing Apparatus, Incident Command Units and our Central Command software to name just three.

The Authority continues to look at ways to operate more efficiently, for example by streamlining processes and making them leaner. The Authority has, for a number of years, made average savings of £2m per annum, some of which facilitates the funding of increased cost pressures, but other savings are re-invested back into the service to fund improved areas of activity or investment. But the Authority is clear that the requirement to generate savings each year will continue for some time to come.

Pay awards in 2023/24 were higher than budgeted for and this therefore has an impact on funding requirements in future years. This alongside other commitments such as the cost impact of actuarial

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valuations on the pension funds for example, results in the need to drive efficiencies and cash savings going forward. Consequently, it is likely that significant savings will need to be achieved in future years to meet these commitments. Savings are currently planned in the MTFP to the value of at least £6.4m over the next four years, but more is likely to be needed to address future pressures. The challenge is to make sure the Authority can achieve these savings and still maintain or enhance the services delivered to the public. The Authority will continue to keep the safety of local people, businesses and firefighters as its priority when responding to these challenges.

Future Issues - The Home Secretary published the long-awaited Fire Reform White paper on 18 May 2022, which included plans to introduce reforms to fire safety across England and put the majority of the Grenfell Inquiry recommendations into law.

The White Paper also includes the potential establishment of a College of Fire and Rescue as well as proposing the transfer of fire governance to a single elected individual. It promises an independent review into the current pay negotiation process to consider if it is fit for a modern emergency service. These plans were consulted upon with a deadline for responses of 26 July 2022, to which the Authority responded.

The current Policing and Crime Act allows for the Police and Crime Commissioner, should they so wish, to take on board responsibility for the Fire and Rescue Service or to be a member of the Fire Authority. The Kent Police and Crime Commissioner has opted for the second option and is a member of the Fire Authority, with the same voting rights as any other member.

Cost of Living Crisis - The constant elevated level of inflation not only triggered a wave of high pay demands to compensate workers for the loss of spending power, but it also has the potential to impact on the collection rates of Council Tax and Business Rates by the Billing Authorities. Interest rates remained high which has resulted in the Authority achieving an extra £1m on interest earned on its Treasury deposits for 2023/24 which has helped offset the inflation increases we have seen on our purchases. However, as interest rates begin to fall it is anticipated the Authority will see a reduction in investment income and this has been taken into account within our medium-term financial planning.

Electronic Communications Code Consultation - The Electronic Communications Code regulates the rights of telecommunications operations to install and maintain their apparatus on public and private land. A consultation on proposed changes to the Code was issued in 2021, with the objective of introducing primary legislation that would make changes to the Code ensuring that the UK has sufficiently robust electronic communications networks to deliver the coverage and connectivity consumers and businesses need. However, provisions under the new proposals have the potential risk to impact on training capability, access to and use of sites, land disposal and financial income. The Authority responded to the consultation. We still have masts at Service Headquarters, Sevenoaks, Southborough, Swanscombe and Cranbrook that many be impacted by the new legislation.

The Product Security and Telecommunications Infrastructure Act 2022 was subsequently introduced bringing in several changes to the Code, including the introduction of a “sharing” right, a new power to fly lines from apparatus, including poles and related rights to upgrade or share such apparatus and rights to share apparatus underground.

As mobile operators look to increase their 5G infrastructure coverage across Kent they are regularly reviewing the availability of public land to facilitate this in line with the new Act. This has resulted in our property team having to spend an increasing amount of time to highlight the detrimental impact that any new mast building on or next to our stations will have on Kent Fire operations.

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Procurement Act 2023 - For the upcoming year, the key focus for the Procurement Team and indeed the Authority, will be the implementation of the new UK Public Procurement regulations 2024, brought about by the Procurement Act 2023. This new legislation puts in place the new post Brexit Public Procurement framework of regulations that all Public Bodies must adhere to in Procurement. It provides greater flexibility to the Authority to design its own procurement processes but also provides greater responsibility on being transparent with the markets and notifying them of upcoming projects. The Authority's Procurement Team will be providing the necessary training to all relevant staff in the new regulations over the course of the year.

Community Risk Management Plan Risk - The Fire and Rescue National Framework for England requires every fire and rescue authority to assess all foreseeable fire and rescue related risks that could affect their communities, whether they are local, cross-border, multi-authority and/or national, and prepare an 'Integrated Risk Management Plan', or as it is now referred to within the sector, a 'Community Risk Management Plan' (CRMP). The Authority is now undertaking a CRMP process which builds upon the 10-year analysis of the key societal, economic, technological, and environmental changes that were set out in the 2022 Safety Plan.

Between November 2023 and January 2024, the Authority undertook a public consultation "Creating a Safer Future – Together" document. The results will be analysed, and actions identified to address the risks and strategic challenges. An annual action plan will be presented to Members during 2024 for approval.

Channel Tunnel Contract - The Authority has a contract to provide fire-fighting services to the Channel Tunnel, but in February 2024 one year's notice was served on this contract, which will mean that we will no longer continue with these arrangements, after February 2025. The financial impact of de-coupling from the contract is currently being worked through in line with contract regulations.

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The Development and Performance of the Authority in 2023/24 and Financial Position at 31 March 2024.

Budget Strategy

The Authority's budget for 2023/24 supported delivery of the initiatives detailed in the Customer Safety Plan 2021-2031 (and supporting strategies). The Authority has a prudent approach to budget development ensuring that expenditure plans are fully resourced and that savings proposed are achievable.

A high proportion of the Authority's revenue budget is spent on staffing costs, so these are monitored closely. Posts that become vacant are reviewed by senior management to determine whether or not they need to be replaced. This ensures that the post is still necessary and that opportunities are not lost to make further efficiency savings.

Operational excellence was one of a number of key themes within the budget strategy for 2023/24, ensuring that people's needs are at the centre of our response, starting with the call-handling team and ending with post-incident care, advice, support and learning from incidents. Alongside this was a drive to demonstrate that we are a professional organisation supported by initiatives such as membership of the Institute of Fire Engineers and access to online learning for operational and support colleagues.

The 2023/24 budget also included significant investment in the Authority's assets such as, replacement fire engines and other vehicles, improving live fire training facilities and other estate redevelopments and upgrading of IT software and core IT infrastructure.

Reserves

In these financially challenging and uncertain times General and Earmarked Reserves are an important tool to help mitigate against the risk of budget overspend and shortfalls in funding. The use of earmarked reserves is limited to smoothing the impact on revenue of expenditure that falls in peaks and troughs across different financial years or for funding one-off expenditure.

The amount set aside in the Authority's General Reserve is subject to an annual assessment to ensure that the balance should cover the costs of a significant emergency or unforeseen event. The Authority has £4.260m in General Reserves as at the 31 March 2024, which equates to approximately 5% of the base revenue budget.

At 31 March 2024 the Authority's earmarked reserves are healthy, with a balance of £33.396m. Details of the balances in each reserve and a breakdown of government grants to be carried forward are provided in Note 15. Resources have been set aside in the Infrastructure Reserve to fund the Station Development programme, replacement fire appliances, vehicles, operational and IT equipment. As the revenue budget comes under greater pressure opportunities to replenish these balances will diminish as the current cycle of planned works and purchases are completed.

Cashflows

The Cash Flow Statement in the Accounts details the cashflows for the year and shows that the Authority's cash balances have decreased by £1.664m over the year. The Authority uses its temporary surplus cash balances to fund its capital financing requirement (in lieu of borrowing) with the remainder placed in interest bearing deposit accounts or Money Market Funds. At 31 March 2024 cash, deposits and investments totalled £43.314m. This comprises of £37.656m which represents the

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money set aside in general and earmarked reserves, £8.554m of unused capital receipts less £2.896m being the net of other assets and liabilities at the end of the financial year.

Over the next financial year £400k, the Authority's last remaining loan from the Public Works Loan Board, will be repaid and with over half of the Authority's reserves planned to be used for the Infrastructure Programme and other expenditure commitments, cash balances are expected to reduce over this timeframe.

The Authority's Financial and Non- Financial Performance Indicators

Financial Performance

Every year External Audit assesses the Authority's financial statements. The External Auditor's (Grant Thornton) initial Findings Report for 2022/23 was reported to the Audit and Governance Committee meeting on 29 January 2024, at that time their work was substantially complete, however there still remained a few areas that had yet to be concluded. The Auditors concluded an unqualified opinion on 28 March 2024 on the Authority's 2022/23 financial statements having been signed by the Chair of Audit and Governance and the Director of Finance and Corporate Services as presenting a true and fair view of the financial position of the Authority.

As part of the annual Audit of the Financial Statements Auditors are required to give a separate opinion on Value for Money which focuses on the Financial Sustainability, Governance and that the Authority has made proper arrangements for improving economy, efficiency, and effectiveness in its use of resources. The Auditors Annual Audit letter was presented to the 20 February 2024 Authority meeting. The report confirmed that the Authority has no areas of significant weakness following its review. It was noted that the governance arrangements and communication within the Authority are strong and garner effective processes and decision-making. Commitment to delivering value for money is evident and performance monitoring and procurement arrangements are good. The Authority demonstrated good financial management in the face of challenge. There was only one recommendation and that was that the Authority must continue the development of a robust savings plan to support its long-term financial sustainability.

The Public Sector must pay suppliers within 30 days under the Public Contract Regulations 2015, however during Covid the Government encouraged the Public Sector to accelerate payment to suppliers as a matter of urgency to support their survival over the coming months. This Authority was able to reduce its supplier payment timeframe down to 12 days from receipt of invoice and continues to maintain this to ensure the cashflow of its suppliers is sustained to support their survival during these economically difficult times.

Governance Assurance Statement

The Authority is required to undertake an annual review of its governance processes and to publish a Statement setting out the results of the review. The Statement, which is available on the Authority's website, shows how the Authority demonstrates good governance in its actions.

The Authority is also required to publish how we deliver the requirements of the National Framework for Fire and Rescue Services and how we obtain assurance that these are both effective and appropriate.

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Transparency

The Authority publishes extensive performance and financial information on its website including transparency data on all spending over £250, all expenditure incurred on purchasing cards, a register of contracts and the pay of senior managers on the Corporate Management Board. This allows the public to see how well the Authority is performing and provides evidence of value for money.

Inspection

In July 2017 Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) extended its remit to include inspections of England's fire and rescue services. The inspection focuses on how well the Service prevents, protects against and responds to fires and other emergencies, and also reviews how well the service looks after its employees.

The 2022 inspection was undertaken over a six-week period running from July to August. The results were published by HMICFRS in January 2023. This rated Kent Fire and Rescue Service as :-

- 'good' at effectively keeping people safe and secure from fire and other risks.
- 'outstanding' for efficiently keeping people safe and secure from fire and other risks and
- 'good' at looking after its people.

Within the underlying categories of the Efficiency pillar, KFRS was also deemed 'outstanding' within the categories of 'Making best use of resources' and 'Making the fire service affordable now and in the future'. Among the findings presented by HMICFRS is that KFRS is judged to be 'Outstanding in the way it uses its resources and manages its budgets to provide an efficient fire and rescue service for the public'.

Kent Fire and Rescue were one of ten fire and rescue services to take part in a thematic inspection of how misconduct processes, procedures and practice operate. The inspection was for two weeks during 15 to 26 January 2024 and examined the following: -

- the extent to which services are identifying and investigating misconduct.
- the effectiveness of misconduct processes and how consistently they are applied.
- how confident fire and rescue service staff are in raising concerns and in misconduct processes; and
- the role of fire and rescue authorities and other organisations in handling misconduct.

The findings will be reported over the Summer 2024 and will be a fire sector report as opposed to an individual report on the Kent Fire and Rescue Service

Non-Financial Performance

Environmental Improvement and Asset and Fleet Strategy

The Asset and Fleet strategy is one of six strategies agreed by the Authority at the July 2021 meeting, in support of its Customer Safety Plan 2021-25. It sets out how the Authority aims to protect the environment of Kent and Medway in terms of its buildings and the vehicles that are used in delivering the service. Environmental improvements have been made across the estate, including the installation of new energy efficient boilers and heating systems, as well as photovoltaic (PV) panels on 37 buildings including Headquarters. Other improvements to buildings have been made through better insulation, double-glazing and heating controls have also contributed to the reduction in energy use and improved efficiencies.

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New buildings have been designed to meet current standards for energy efficiency and include building management systems and controls, insulation, LED lighting, and natural ventilation rather than using air conditioning. In addition, there is an ongoing programme to re-roof buildings and replace windows, all of which will improve insulation.

Our estate review identified some land and buildings that were surplus to our current requirements and so during 2022 we sold land at the old Thanet station site and 4 houses and land at Faversham. The receipt from these sales has been re-invested into our ten-year Capital programme for the redevelopment and enhancement of stations and purchase of new vehicles.

In our commitment to reducing our CO₂ emissions we have developed a Climate Action Plan as part of a drive to be carbon neutral by 2030. As an example, we have undertaken a biodiversity audit across the estate and introduced 49 hybrid vehicles into our diverse fleet. All of these vehicles are pool cars and their hybrid system combines the use of a petrol engine and an electric motor, improving fuel efficiency and reducing exhaust emissions. Being conscious of the environmental impact caused by cars, these hybrid pool vehicles allow us to make our journeys more sustainably.

We have installed CCTV in all of our fire engines and blue light response vehicles alongside telematics in the majority of our vehicles. This has resulted in a number of benefits, including an insurance premium discount and claims handling savings based on our achievements against Key Performance Indicators (KPI) set by the insurance mutual Fire and Rescue Indemnity Company (FRIC) due to a more effective insurance claims process. Better management information is now being obtained to be able to defend against motor insurance claims made against us and to improve driving styles.

As part of a nationally co-ordinated activity to provide support to the Ukraine we have worked with Fire Aid and the National Fire Chiefs Council (NFCC). Our surplus equipment and fire engines were donated to the cause, to be part of a larger convoy with vehicles and equipment donated from other fire services across the country that left the UK from our Ashford fire station.

Service Performance

The Authority has a comprehensive set of performance indicators some of which are considered to be strategic due to their importance in monitoring the performance of the Authority. Members approve the targets that are set for all the strategic indicators and regular reports are provided to Members to keep them updated of performance against these indicators.

The Authority attended 3,853 fires in 2023/24 (5,175 in 2022/23) which was lower than the performance in previous years. The three-year average outturn for the 2022-25 period is 4,514 fires, which is higher than the target of 4,210. The large increase in the number of fires can be attributed to outdoor fires, which were considerably higher in 2022/23 than last year and are heavily impacted by the weather. The heatwave in 2022 saw the number of fires in July and August double in comparison to the previous three-year average.

Accidental dwelling fires (ADFs) accounted for 21% of all the accidental fires attended in 2023/24. The Authority has performed very well in this area and has been amongst the top performers nationally for more than ten consecutive years. In 2023/24 481 incidents were attended which is considerably lower than the number we have seen in previous years. This is the lowest number of accidental fires in the home we have ever reported. The three-year average performance for the medium term period (2022-25) was 536 which is 0.7% worse than the target of 532.

Reducing the number of road traffic collisions (RTCs) across Kent and Medway and the number of people killed or seriously injured (KSI) as a result, continues to be a priority for the Authority. In

Narrative Report

2023/24 the Authority attended 1,153 RTCs which is more than in 2022/23 (1,057). The Authority continues to work with its partners to promote road safety across the county.

A number of on-call stations and some officers respond to immediately life-threatening medical emergency calls, such as suspected heart attacks, in support of the ambulance service. Under this arrangement, the Authority's staff are sent to a medical incident as the quickest resource and are always backed up by the ambulance service. During 2023/24 the Authority attended 1,277 of these incidents which is lower than the amount attended in the previous year (2,304). The Authority also assists our ambulance and police partners with gaining entry to properties where there is a concern for welfare and for complex rescues and in 2023/24 the Authority attended these sorts of incidents on 3,245 occasions.

The Authority's response times to life-threatening incidents has declined compared to previous years. In 2023/24 66% of life-threatening incidents were reached within 10 minutes and 77.8% within 12 minutes. Overall performance is lower than the targets set for these indicators; 71% and 82% respectively. There are numerous factors that can affect our performance on response times such as the number of fire engines available immediately to respond, the time the crews take to turn out, the traffic encountered en-route to an incident, the presence of 20mph speed limits, roadworks and road closures as well as the quality of the address information provided.

In addition to responding to emergency calls, the Authority carries out a number of activities to support our customers and business safety. In 2023/24, the Authority's Customer Safety teams have delivered 11,619 Safe and Well Visits to customers across the County. In addition to these visits, crews and the taskforce team have delivered 24,114 home safety visits. Our business safety teams carried out 1,232 building inspections as part of our risk-based inspection programme in 2023/24. In addition, the Authority has carried out 2,252 building regulation consultations in the last year.

The detail of the progress against all of the Authority's key performance indicators is reported annually to Members of the Authority, and a copy of the report is available on the Authority's website.

Customer Service

We carry out regular benchmarking to see how good we are at providing excellent Customer Service. During 2020/21 we launched the Institute of Customer Service (ICS) business benchmarking tool for external customers to complete an independent survey. We repeated this benchmarking exercise in 2022. The results of the last survey completed by Kent and Medway residents, showed that our satisfaction levels are outstanding and we improved on our excellent scores from 2020. When benchmarked against other local public services in the institute's UK Customer Satisfaction Index, the Authority scores compare exceptionally well across the areas measured, experience, customer ethos, emotional connection, ethics and complaint handling. The Authority also compared well against the all sector UK Customer Satisfaction Index average, which includes private sector organisations. Some of the headlines are: -

- We scored 96.3 out of a possible 100, against the UK Customer Satisfaction Index (UKCSI). This is an outstanding result and compares very favourably with the average for local fire services of 83.6 and local Public Sector 72.3
- Using the Net Promotor Score (NPS), KFRS scored 93.0, compared with an average for all sectors of 27.9 and local Public Sector of 12.2
- We scored 1.7 for customer effort indicating that people can easily access our services. This was an improvement on our last score of 2.9 (indicating more effort was required) and much better than the average for all sectors of 5.3 or local Public Sector of 5.8

The Authority has achieved an ICS Service Mark, which is a national standard of recognising an organisation's achievement in customer service.

Narrative Report

The Authority became the first emergency service in the country to receive the Pride in Care Quality standard for our commitment to equality, diversity and inclusion (EDI). Awarded by the national charity Opening Doors, the fire service underwent a comprehensive accreditation process to receive the accolade, including staff surveys and evidence gathering, which highlighted the dedication that runs through the organisation to embrace difference.

Use of Resources Summary

The Authority has continued to make changes to the way that frontline and corporate services are delivered. Investment continues to be made in electronic systems to reduce administration and simplify internal processes. Working closely with partners is still important to the Authority, so we continue to look for efficiencies, wherever possible to do so, through joint procurement or joint working.

Last year the Authority delivered £3.617m of base revenue budget savings as set out in the budget for 2023/24 and over the next four years the Authority has the challenge to make at least £6.4m of further savings which need to be both sustainable and deliverable so that a high quality and effective service can continue to be delivered.

The Authority remains in a strong financial position and plans to invest in its infrastructure will continue, by utilising its earmarked reserves and capital receipts. As always longer-term sustainable planning continues to be a prerequisite going forward.

For further information on the accounts please contact the Director, Finance and Corporate Services, on 01622 692121 ext. 8262 or write to the Director, Finance and Corporate Services, KFRS Headquarters, The Godlands, Tovil, Maidstone, Kent, ME15 6XB.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director, Finance and Corporate Services;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Director, Finance and Corporate Services' Responsibilities

The Director, Finance and Corporate Services, is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing this Statement of Accounts, the Director, Finance and Corporate Services, has:-

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

The Director, Finance and Corporate Services, has also:-

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

In my view, the accounts which follow give a true and fair view of the financial position of the Kent and Medway Towns Fire Authority at the accounting date and its income and expenditure for the year ended 31 March 2024.

Vince Maple
Chair of the Audit and Governance Committee
Kent and Medway Towns Fire Authority

Alison Hartley
Director, Finance and Corporate Services
Kent and Medway Towns Fire Authority

11 December 2024

Report of the Auditors to the Members of Kent and Medway Towns Fire Authority

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of Kent and Medway Towns Fire Authority (the 'Authority') for the year ended 31 March 2024, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2024 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Finance and Corporate Services use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Director of Finance and Corporate Services conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

Report of the Auditors to the Members of Kent and Medway Towns Fire Authority

In auditing the financial statements, we have concluded that the Director of Finance and Corporate Services use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance and Corporate Services with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

Report of the Auditors to the Members of Kent and Medway Towns Fire Authority

- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

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

Responsibilities of the Authority and the Director of Finance and Corporate Services

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance and Corporate Services. The Director of Finance and Corporate Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Director of Finance and Corporate Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance and Corporate Services is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003 and the Fire and Rescue Services Act 2004. We also identified the following additional regulatory frameworks in respect of the firefighters pension fund; the Public Service Pensions Act 2013, the Firefighters' Pension Scheme (England) Regulations 2014 and the Firefighters' Pension Scheme (England) Order 2006.

We enquired of management and the Audit and Governance Committee, concerning the Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;

Report of the Auditors to the Members of Kent and Medway Towns Fire Authority

- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the Audit and Governance Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
- journal entry testing, with a focus on large and unusual manual journals posted at the end of the financial year or post year end as part of accounts closedown procedures,
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings and defined benefit pensions liability valuation, and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including potential of fraud in revenue and expenditure recognition and the significant accounting estimates related to land and buildings and defined pensions liability valuation. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector
- understanding of the legal and regulatory requirements specific to the Authority including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances,

Report of the Auditors to the Members of Kent and Medway Towns Fire Authority

expected financial statement disclosures and business risks that may result in risks of material misstatement.

- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

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

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

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

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report of the Auditors to the Members of Kent and Medway Towns Fire Authority

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Kent and Medway Towns Fire Authority for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until the National Audit Office has concluded their work in respect of WGA for the year ended 31 March 2024. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2024.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

John Paul Cuttle, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

11 December 2024

Comprehensive Income and Expenditure Statement

This Statement shows the accounting cost in the year for providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from Council Tax. The Authority raises Council Tax to fund expenditure in accordance with regulations and this may be different from the accounting cost basis. The Council Tax position is shown in the Movement in Reserves Statement.

All figures are in £'000			2022/23		2023/24		
Gross Expenditure	Gross Income	Net		Note	Gross Expenditure	Gross Income	Net
66,774	-6,742	60,032	Operational Response and Resilience		58,008	-7,194	50,814
8,226	-545	7,681	Customer Safety, Building Safety and Engagement		7,889	-633	7,256
24,486	-1,203	23,283	Customer Services		23,571	-843	22,728
2,785	-	2,785	Pensions, Financing and Other Costs		2,692	-	2,692
102,271	-8,490	93,781	Cost of Services	7	92,160	-8,670	83,490
			Other Operating Expenditure				
92	-	92	Gain(-) / Loss on disposal of non-current assets		80	-	80
			Financing & Investment Income & Expenditure				
45	-	45	Interest payable and similar charges	7	20	-	20
24,878	-	24,878	Net interest on the defined benefit liability		30,076	-	30,076
-	-1,138	-1,138	Interest and Investment income	7	-	-2,472	-2,472
-	-79	-79	Gain(-) / Loss on financial instruments carried at fair value through profit or loss	7	-	41	41
			Taxation and Non-Specific Grant Income				
-	-53,239	-53,239	Council Tax income	7	-	-57,546	-57,546
-	-14,280	-14,280	Non-domestic rates and top-up grant	7	-	-15,728	-15,728
-	-10,618	-10,618	Non ring-fenced grants	7	-	-12,087	-12,087
-	-14,006	-14,006	Government grant payable to pension fund	28	-	-16,476	-16,476
		25,436	Deficit on Provision of Services				9,398
		-12,267	Surplus(-) / Deficit on revaluation of property plant and equipment	8			495
		-386,083	Re-measurements of the net defined benefit liability	16,25			-7,898
		-398,350	Other Comprehensive Income and Expenditure				-7,403
		-372,914	Total Comprehensive Income and Expenditure				1,995

Movement in Reserves Statement

The Movement in Reserves Statement which follows, shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those reserves that can be applied to fund expenditure or reduce the requirement for future Council Tax) and other reserves. The Code requires the previous year's figures to be disclosed in this Statement, hence both years are shown below. The 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 arrive at 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 adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all receipts of the Authority are required to be paid and from which all liabilities are met, except to the extent that statutory rules might provide otherwise. These rules can 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.

Earmarked Reserves

The Authority holds a number of discretionary Earmarked Reserves to fund future expenditure or to meet potential future budget pressures. If an Earmarked Reserve is no longer required for its designated purpose the funds will be returned to the General Fund.

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 year-end balance on the reserve shows the resources that are available to be applied for these purposes in future years.

Unapplied Capital Grants Reserve

The Capital Grant 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 capital 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. The Authority does not currently hold any unapplied capital grants.

Movement in Reserves Statement

The Net Increase/Decrease before the Transfers to Earmarked Reserves line in the table below shows the statutory General Fund Balance before any discretionary transfers to or from Earmarked Reserves are undertaken by the Authority. The 2022/23 Movement in Reserves Statement follows on from the 2021/22 Statement below:

2022/23		General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
All figures are in £'000							
Balance at 31 March 2022 brought forward	Notes	-3,760	-37,561	-9,470	-50,791	903,799	853,008
Movement in reserves during 2022/23:							
Deficit on the provision of services	6	25,436	-	-	25,436	-	25,436
<i>Other Comprehensive Income and Expenditure</i>							
Re-measurements of the net defined benefit liability	25	-	-	-	-	-380,088	-380,088
Changes to injury scheme	25	-	-	-	-	-5,995	-5,995
Revaluation gains	16	-	-	-	-	-12,715	-12,715
Revaluation losses charged to revaluation reserve		-	-	-	-	448	448
Total Comprehensive Income and Expenditure		25,436	-	-	25,436	-398,350	-372,914

Adjustments between accounting basis and funding basis under regulations

Adjustments to revenue resources

Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:

Pension costs transferred to or from the Pensions Reserve:

Net retirement benefits as per IAS19	25	-45,654	-	-	-45,654	45,654	-
Gain in relation to Government grant payable to the pension fund	28	14,006	-	-	14,006	-14,006	-
Employer's contribution to pension schemes	16	13,711	-	-	13,711	-13,711	-
Council Tax and non-domestic rate income (transfers to or from collection fund adjustment account)	16	528	-	-	528	-528	-
Accrued annual leave (tr'd to the accumulated absences reserve)	16	-131	-	-	-131	131	-

Movement in Reserves Statement

2022/23 continued

All figures are in £'000	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
<i>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)</i>							
Depreciation and impairment of non-current assets	8	-5,051	-	-	-5,051	5,051	-
Revaluation gains/losses on property, plant and equipment	16	160	-	-	160	-160	-
Revaluation gains/losses on assets held for sale	16	-	-	-	-	-	-
Derecognition of non-current assets and non-current assets held for sale		-1,985	-	-	-1,985	1,985	-
Total adjustments to revenue resources		-24,416	-	-	-24,416	24,416	-
Adjustments between revenue and capital resources							
Transfer of cash sale proceeds as part of the gain/(loss) on disposal		1,905	-	-1,905	-	-	-
Administrative costs of non-current asset disposals		-11	-	11	-	-	-
Statutory provision for the repayment of debt	16,22	73	-	-	73	-73	-
Voluntary provision for the repayment of debt	16,22	755	-	-	755	-755	-
Capital expenditure funded from revenue contribution	16,22	2,073	-	-	2,073	-2,073	-
Revenue Expenditure Funded from Capital Under Statute	16,22	-297	-	-	-297	297	-
Total adjustments between revenue and capital resources		4,498	-	-1,894	2,604	-2,604	-
Adjustment to capital resources							
Use of capital receipts reserve to finance capital expenditure	22	-	-	1,508	1,508	-1,508	-
Total adjustments to capital resources		-	-	1,508	1,508	-1,508	-
Net (increase)/decrease before transfer to Earmarked Reserves							
	15	5,518	-	-386	5,132	-378,046	-372,914
Transfers to/from Earmarked Reserves		-5,728	5,728	-	-	-	-
(Increase)/Decrease in 2022/23	15,16	-210	5,728	-386	5,132	-378,046	-372,914
Balance at 31 March 2023		-3,970	-31,833	-9,856	-45,659	525,753	480,094
<i>Amounts held for revenue purposes</i>		-3,970	-8,528	-	-12,498	643,111	630,613
<i>Amounts held for capital purposes</i>		-	-23,305	-9,856	-33,161	-117,358	-150,519

Movement in Reserves Statement

2023/24

All figures are in £'000

	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
Balance at 31 March 2023 brought forward		-3,970	-31,833	-9,856	-45,659	525,753	480,094
Movement in reserves during 2023/24:							
Surplus on the provision of services	6	9,398	-	-	9,398	-	9,398
<i>Other Comprehensive Income and Expenditure</i>							
Re-measurements of the net defined benefit liability	25	-	-	-	-	-7,745	-7,745
Changes to injury scheme	25	-	-	-	-	-153	-153
Revaluation gains charged to revaluation reserve	16	-	-	-	-	-3,131	-3,131
Revaluation losses charged to revaluation reserve	16	-	-	-	-	3,626	3,626
Total Comprehensive Income and Expenditure		9,398	-	-	9,398	-7,403	1,995
Adjustments between accounting basis and funding basis under regulations							
Adjustments to revenue resources							
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>							
Pension costs transferred to or from the Pensions Reserve:							
Net retirement benefits as per IAS19	25	-38,213	-	-	-38,213	38,213	-
Gain in relation to Government grant payable to the pension fund	28	16,476	-	-	16,476	-16,476	-
Employer's contribution to pension schemes	16	14,077	-	-	14,077	-14,077	-
Council Tax and non-domestic rate income (transfers to or from collection fund adjustment account)	16	-143	-	-	-143	143	-
Accrued annual leave (trf'd to the accumulated absences reserve)	16	-23	-	-	-23	23	-

Movement in Reserves Statement

2023/24 continued

	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
All figures are in £'000							
<i>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)</i>							
Depreciation and impairment of non-current assets	8	-5,816	-	-	-5,816	5,816	-
Revaluation gains/losses on property, plant and equipment	16	-682	-	-	-682	682	-
Revaluation gains/losses on assets held for sale	16	-	-	-	-	-	-
Assets sold written out as part of the gain/(loss) on disposal		-108	-	-	-108	108	-
Total adjustments to revenue resources		-14,432	-	-	-14,432	14,432	-
Adjustments between revenue and capital resources							
Transfer of non-current asset sale proceeds as part of the gain/(loss) on disposal		29	-	-29	-	-	-
Administrative costs of non-current asset disposals		-1	-	1	-	-	-
Statutory provision for the repayment of debt	16,22	59	-	-	59	-59	-
Voluntary provision for the repayment of debt	16,22	514	-	-	514	-514	-
Capital expenditure funded from revenue contribution	16,22	2,592	-	-	2,592	-2,592	-
Revenue Expenditure Funded from Capital Under Statute	16,22	-12	-	-	-12	12	-
Total adjustments between revenue and capital resources		3,181	-	-28	3,153	-3,153	-
Adjustment to capital resources							
Use of capital receipts reserve to finance capital expenditure	22	-	-	1,330	1,330	-1,330	-
Total adjustments to capital resources		-	-	1,330	1,330	-1,330	-
Net (increase)/decrease before transfer to Earmarked Reserves							
	15	-1,853	-	1,302	-551	2,498	1,947
Transfers to/from Earmarked Reserves		1,563	-1,563				
(Increase)/Decrease in 2023/24	15, 16	-290	-1,563	1,302	-551	2,498	1,947
Balance at 31 March 2024		-4,260	-33,396	-8,554	-46,210	528,299	482,089
<i>Amounts held for revenue purposes</i>		-4,260	-10,091		-14,351	643,039	628,688
<i>Amounts held for capital purposes</i>		-	-23,305	-8,554	-31,859	-114,740	-146,599

Balance Sheet

The Balance Sheet shows the value as at 31 March 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: usable and unusable reserves. Only the usable reserves represent resources available to the Authority to spend on services, the purchase of assets or to repay debt. Unusable reserves cannot be used by the Authority.

31 March 2023	All figures are in £'000	Notes	31 March 2024
	Property, Plant and Equipment		
102,177	Land and buildings	8	98,074
13,662	Vehicles, plant and equipment	8	13,775
3,145	Assets under construction	8	4,741
30	Surplus assets not held for sale	8	-
	Other Long Term Debtors:		
137	Net LGPS pension asset	25	-
119,151	Long Term Assets		116,590
35,794	Short Term Investments	9	35,099
-	Assets Held for Sale	12	30
286	Inventories		330
12,635	Short term Debtors	10	14,460
9,879	Cash and Cash Equivalents	9,11	8,215
58,594	Current Assets		58,134
-301	Short Term Borrowing	9	-400
-12,598	Short Term Creditors	13	-11,811
-1,239	Provisions	14	-1,676
-14,138	Current Liabilities		-13,887
-400	Long Term Borrowing	9	-
	Other Long Term Liabilities:		
-643,301	Firefighters' pension liability	25	-642,926
-	Net LGPS pension liability	25	-
-643,701	Long Term Liabilities		-642,926
-480,094	Net Assets		-482,089
	Usable Reserves:		
-3,970	General reserves	15	-4,260
-31,833	Earmarked reserves	15	-33,396
-9,856	Usable capital receipts		-8,554
525,753	Unusable Reserves	16	528,299
480,094	Total Reserves		482,089

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the financial year. The statement shows how the Authority generates and uses cash 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 Council Tax 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.

31 March 2023	All figures are in £'000	Notes	31 March 2024
	Operating Activities		
	Cash Outflows		
70,548	Cash paid to and on behalf of employees		72,007
47	Interest paid		26
22,146	Cash paid to suppliers of goods and services		19,417
	Cash outflows generated from operating activities		91,450
	Cash inflows		
-53,911	Precepts received		-58,043
-1,027	Other Local Govt Finance Settlement Grants		-603
-6,655	Revenue support grant		-7,330
-7,321	Business Rates		-10,836
-8,514	Business Rate top-up grant		-8,480
-9,130	Other revenue grants		-4,070
-2,317	Cash received for goods and services		-2,446
-846	Interest received		-2,337
-412	Other operating cash receipts		-634
	Cash inflows generated from operating activities		-94,779
-90,134			-94,779
2,607	Net cash inflow from operating activity		-3,329
	Investing Activities		
3,072	Purchase of property, plant and equipment		5,375
-1,893	Proceeds from sale of property, plant and equipment		-28
-2,284	Temporary investments		-655
	Net cash flows generated from investing activity		4,692
-1,105			4,692
	Financing Activities		
300	Repayment of amounts borrowed	9	301
300	Net cash flows from financing activities		301
1,802	Net increase in cash and cash equivalents		1,664
11,681	Cash and cash equivalents at 1 April	11	9,879
-1,802	Movement in year		-1,664
9,879	Cash and cash equivalents at 31 March	11	8,215

Notes to the Statement of Accounts

1. Accounting policies

Detailed below are the general accounting policies of the Authority. Other policies which refer to specific financial statement lines are detailed with the relevant note to the accounts. The policy is shown shaded in the relevant note.

General Principles

The accounts of the Fire and Rescue Authority have been compiled in accordance with the CIPFA Code of Practice on Local Authority Accounting in the UK 2023/24 (the Code) supported by International Financial Reporting Standards (IFRS) and other approved accounting standards. The accounts have been prepared with the objective of providing financial information that is useful to a wide range of users in making decisions about providing resources to the Authority and assessing the stewardship of the Authority's management.

Accounting policies are the principles, bases, and practices applied when preparing accounts, that specify how the effects of transactions and other events are to be reflected in the Statement of Accounts through recognising, selecting measurement bases for, and presenting assets, liabilities, gains, losses and changes in reserves. When selecting and applying accounting policies the qualitative characteristics of financial information such as relevance, materiality and a faithful representation are taken into account.

1.1 Accounting convention

These accounts have been prepared on an accruals basis under the historical cost convention modified to account for the revaluation of property, plant and equipment. They are prepared on a going concern basis.

The particular policies adopted by the Authority are shown below. They have been applied consistently in dealing with items considered material in relation to the accounts.

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 for the sale of goods or provision of services is recognised in the financial year when the goods are sold or when the services are provided in accordance with the performance obligations of the contract.

Revenue relating to Council Tax and Non-Domestic Rates (NDR) shall be measured at the full amount receivable (net of any impairment losses). A debtor/creditor position between billing authorities and Kent Fire and Rescue as the precepting body is required to be recognised for the cash collected by the billing Council from Council Tax and Non-Domestic Rates debtors that belongs proportionately to the billing council and preceptors such as Kent Fire, Police and Kent County Council. The effect of any bad debts written off or adjustment in provisions are also shared proportionately.

Expenditure on goods and services (including services provided by employees) are recorded as expenditure in the financial year that they are received. Adjustments are made at the end of the financial year if a significant portion of goods received will not be used until the following year, i.e. fuel stock.

Interest receivable on deposits and payable on loans is accounted for as income and expenditure respectively, on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by contracts.

Notes to the Statement of Accounts

Where income or expenditure has been recognised but the cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. The balance on debtors may be written down by a provision to reflect an estimate of the amount of any debts that may not be recovered.

1.2 Critical accounting, judgements and key sources of estimation uncertainty

In the application of the Authority's accounting policies, officers are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates, but the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision, and future periods, if the revision affects both current and future periods.

1.2.1 Critical judgements in applying accounting policies

The Authority is required to disclose any critical judgements, apart from those involving estimations that officers have made in the process of applying the Authority's accounting policies. See Note 3 for details.

1.3 Other expenses

Other operating expenses, such as for goods and services, are recognised in the accounts in the financial year in which the goods are delivered or the services received. The exception to this is for utility bills where the accounts may include a twelve-month charge for certain utilities, but the charge is not necessarily adjusted to match the financial year as it is not considered material nor always practical to do so, but, where appropriate, it does represent a charge for a twelve-month period. Any material change with regard to utility accounts will be monitored through the Authority's budget monitoring report and adjusted in the event of a material change at the end of the financial year to ensure costs are reflected in the correct financial year.

1.4 Income

Income is accounted for in the financial year that services are provided in accordance with the performance obligations of the contract. Income includes contract income for the provision of firefighting services in the Channel Tunnel, contributions from third parties towards joint-funded projects, insurance recoveries and income from the sale of obsolete vehicles and equipment. Debtors are shown net of any provision made for bad or doubtful debts.

1.5 Government Grants and Contributions

Where the condition of a grant or contribution has been satisfied for any grant or contribution received or where there is reasonable assurance it will be received, the amount of the grant or contribution will be included in the Comprehensive Income and Expenditure Statement. Conditions are defined as stipulations that specify the terms under which a grant or contribution is to be used.

If the conditions have not yet been met, then any grant or contribution received would be shown in the Balance Sheet as a receipt in advance within creditors. When conditions for a grant or contribution have been satisfied, the grant or contribution is credited to the relevant service line (within gross income) or as Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Notes to the Statement of Accounts

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

1.6 Revenue expenditure funded from capital under statute

This is expenditure which qualifies as capital for control purposes, but which does not result in the acquisition, creation or enhancement of a property, plant or equipment asset. These costs are charged direct to revenue expenditure and any related capital grant will also be credited to revenue income.

1.7 Treatment of Value Added Tax

VAT paid and received is accounted for separately and is not included as income or expenditure of the Authority, except where it is not recoverable.

1.8 Redemption of Debt

The Authority is required to set aside an amount each year for the redemption of debt. There is a statutory requirement for the Authority to charge the Council Tax payer with a minimum revenue provision (MRP) which represents 4% of the outstanding borrowing liability for historic debt. In addition, the Authority makes additional voluntary provisions which aligns the charge to the Council Tax payer with the life of the asset. All new debt has a minimum revenue provision (MRP) set aside calculated on the asset life.

1.9 Prior Period Adjustments

These adjustments are only made when there are changes in accounting policies required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions or other events and conditions on the Authority's financial position. Where a prior year adjustment is made it adjusts the opening balances and comparative amounts for the period as if the new policy had always been applied.

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

The Authority has considered the impact of accounting changes that will be required by any new accounting standards that have been issued but not yet adopted by the Code for 2024/25. These changes relate to accounting amendments, IAS 1 disclosure of accounting policies, IAS 12 deferred tax related issues, IFRS 7 supplier finance arrangements. These changes are not expected to have a material impact on the Authority's Accounts, but it will be dependent on arrangements in place at that time and further details of the potential impact will be disclosed when more information becomes available. The implementation of IFRS16 leasing changes was issued in 2016 and comes into effect from the 1 April 2024, which requires some leases previously recognised as operating leases within the Comprehensive and Income and Expenditure Statement to be recognised as an asset and liability on the Balance Sheet. We have evaluated the impact of this change and have identified two leases that are likely to be impacted by this. The lease at Unit 6 that our Vehicle Maintenance workshop operates from (estimated value £212k) and the lease we have with the Police for the rental of rooms at Coldharbour from which our control room operates (estimated value £150k) are likely to be impacted by the accounting change.

Notes to the Statement of Accounts

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a certain amount of uncertainty about future levels of Government funding. However, the Authority has determined that this uncertainty is not sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision and therefore is unlikely to impact on note 8 with regard to property, plant and equipment.
- There is uncertainty about the level of ground contamination in the land surrounding our Fire stations. The Authority commissioned a high-level environmental sensitivity review of all fire stations across Kent, given that land contamination had been identified at both Medway prior to sale and Ashford land prior to development. The primary focus was PFOS which was part of a group of compounds used for firefighting foam between 1964 and 2011. Our valuers have used the estimated cost of land remediation at the Ashford site as a basis to estimate the costs to be deducted from the land value for those sites identified as part of the sensitivity review. Should it be established that contamination does exist, or the property is affected by other environmental factors, this might reduce the value further to that now reported in note 8.
- The Authority has a contract to provide fire-fighting services to the Channel Tunnel, notice was served giving one year's notice to no longer continue with these arrangements. As a result, it is expected that the Authority will no longer provide fire-fighting services to the Channel Tunnel by February 2025 (although our second line of response to support the Tunnel remains a statutory function of this Authority) and income in relation to the financial statements has been assumed up to that period. The financial impact of de-coupling from the contract are currently being worked through in line with contract regulations.

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 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 assumptions and estimates. The items in the Authority's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment

The effect of any over or under estimation on the revaluation of property plant and equipment cannot be quantified until the asset is disposed of. The carrying amount of Land and Buildings at the end of the reporting period is £98m and therefore a reduction of 1% in the value would reduce the balance sheet by £0.98m

Assets are depreciated over their useful lives and are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the Authority had to make cuts to its spending and was unable to sustain its current spending on repairs and maintenance, it could bring into doubt the useful lives assigned to assets.

The carrying value of depreciating assets at 31 March 2024 is £79m. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for property plant and equipment assets would increase by £412k for every year that useful lives had to be reduced.

Notes to the Statement of Accounts

Pension Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. The carrying amount of the defined benefit obligation on all Pension Schemes at 31 March 2024 is £731.431m (Note 25).

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 1 year increase in the life expectancy assumption would result in an increase in the Pension Scheme liabilities of £26.257m.

The table on page 70 provides further details on the assumptions used and their financial impact.

However, by applying IAS 19 and the asset ceiling provision to the LGPS plan, the Authority has recognised a pension plan asset of nil. This is on the basis of the actuary's assumptions that are set out in Note 25.

Impairment of Debtors

The debtors figure included in the accounts for Council Tax and Business Rates (NNDR) includes an estimation for those debts that may not be recovered. The bad debt calculation is completed by each billing authority (12 Districts and 1 Unitary) and returned to us as the precepting authority to enable us to account for our share. An impairment allowance of £3.485m has been set aside in relation to Council Tax debts that may not be received and £290k in relation to Business Rates debts that may not be received. A provision of £903k has been set aside for business rate appeals that have yet to be determined. Any variation in actual recovery of Council Tax or Business Rates would affect the final collection fund surplus/deficit position, in particular the financial impact on the cost-of-living crisis may affect residents' ability to pay. This in turn would impact on future year's budgets when recognised in line with statutory requirements.

5. Events after the reporting Period

There are no events to report.

Notes to the Statement of Accounts

6. Expenditure and Funding Analysis

The Expenditure and Funding Analysis note shows how annual expenditure is used and funded from resources (Government grants, Council Tax and Business Rates) 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 between the Authority's Directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

All figures are in £'000

					2022/23
	Outturn as reported to Authority	Adjustments	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
				See note 6a	
Operational Response and Resilience	49,759	196	49,955	10,077	60,032
Customer Safety, Building Safety and Engagement	6,811	188	6,999	682	7,681
Customer Services	21,617	575	22,192	1,091	23,283
Pensions, Financing and Other Costs	60	2,191	2,251	534	2,785
Net Cost of Services	78,247	3,150	81,397	12,384	93,781
Other Income and Expenditure			-75,879	7,535	-68,344
Surplus (-) or Deficit (+)			5,518	19,919	25,437
Opening General and Earmarked Reserves Balance			41,321		
Less Deficit on General Fund in the year			-5,518		
Closing General and Earmarked Reserves Balance			35,803		

Notes to the Statement of Accounts

All figures are in £'000

2023/24

	Outturn as reported to Authority	Adjustments	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
				See note 6a	
Operational Response and Resilience	50,595	-45	50,550	264	50,814
Customer Safety, Building Safety and Engagement	7,473	-162	7,311	-55	7,256
Customer Services	22,476	29	22,505	223	22,728
Pensions, Financing and Other Costs	1,826	705	2,531	161	2,692
Net Cost of Services	82,370	527	82,897	593	83,490
Other Income and Expenditure			-84,750	10,658	-74,092
Surplus (-) or Deficit (+)			-1,853	11,251	9,398
Opening General and Earmarked Reserves Balance			35,803		
Less Deficit on General Fund in the year			1,853		
Closing General and Earmarked Reserves Balance			37,656		

Notes to the Statement of Accounts

6a Expenditure and Funding Analysis – Adjustments Between Funding and Accounting Basis

For internal reporting and budget monitoring purposes, the revenue budget is in a different format from the presentation required by the CIPFA Code for the Comprehensive Income and Expenditure Statement. The table below provides a reconciliation of the final revenue budget underspend on services compared to the deficit shown on the Comprehensive Income and Expenditure Statement.

2022/23					2023/24				
Adjustment for Capital Purposes	Net Change for the Pensions Adjustment	Other Differences	Total Adjustments		Adjustment for Capital Purposes	Net Change for the Pensions Adjustment	Other Differences	Total Adjustments	
All figures are in £'000									
4,687	5,284	106	10,077	Operational Response and Resilience	5,959	-5,719	24	264	
50	624	9	683	Customer Safety, Business Safety and Engagement	112	-168	1	-55	
154	920	16	1,090	Corporate Teams	428	-203	-2	223	
297	237	-	534	Pensions, Financing and Other Costs	11	150	-	161	
5,188	7,065	131	12,384	Net Cost of Services	6,510	-5,940	23	593	
-2,809	10,872	-529	7,534	Other Income and Expenditure from the Funding Analysis	-3,085	13,600	143	10,658	
2,379	17,937	-398	19,918	Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Deficit	3,425	7,660	166	11,251	

Notes to the Statement of Accounts

7. Expenditure and Income Analysed by Nature

The following table provides a breakdown of expenditure and income by type that is included in the calculation of the deficit on the provision of services. These costs include notional charges which are reversed when identifying the amount to be charged to taxation.

All figures are in £'000	2022/23	2023/24
Employee expenses	71,785	73,969
Other operating expenses	18,399	17,610
Depreciation	5,051	5,816
Revaluation gains (-) on property, plant and equipment	-160	682
IAS19 adjustment	7,065	-5,940
Employee leave accrual adjustment	131	23
Expenditure charged to Cost of Services	102,271	92,160
Government grants and contributions	-5,513	-5,571
Fees, charges and other service income	-2,977	-3,099
Income credited to Cost of Services	-8,490	-8,670
Net expenditure charged to Cost of Services	93,781	83,490
Interest payments	45	20
Pensions interest cost	28,160	34,290
Expected return on pensions assets	-3,333	-4,292
LGPS administration expenses	51	78
Gain (-) / Loss on disposal of assets	92	80
Expenditure charged to Provision of Services	25,015	30,176
Pension fund top-up grant	-14,006	-16,476
Interest and investment income	-1,138	-2,472
Gain (-) / Loss on financial instruments carried at fair value through profit or loss	-79	41
Income from Council Tax	-53,239	-57,546
Income from Business Rates and top-up grant	-14,280	-15,728
Non-ring fenced Government grants	-10,618	-12,087
Income credited to Provision of Services	-93,360	-104,268
Expenditure and Income charged to Provision of Services	-68,345	-74,092
Deficit on Provision of Services	25,436	9,398

Notes to the Statement of Accounts

7a. Revenue from Contracts with Service Recipients

Policy:

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 Comprehensive Income and Expenditure Statement for contracts with Service recipients:

All figures are in £'000s	2022/23	2023/24
Revenue from contracts with service recipients:		
Operational Response and Resilience – provision of fire cover	2,312	2,440
Total included in Comprehensive Income and Expenditure Statement	2,312	2,440

Amounts included in the Balance Sheet for contracts with service recipients:

All figures are in £'000s	2022/23	2023/24
Receivables, which are included in debtors net of VAT (Note 10)	486	615
Total included in Net Assets	486	615

The value of revenue that is expected to be recognised in the future related to performance obligations (as set out in the contract) that are unsatisfied at the end of the year is:

All figures are in £'000s	2022/23	2023/24
Not later than one year	2,428	2,258
Later than one year and not later than five years	8,386	-
Amounts of transaction price fully unsatisfied	10,814	2,258

Revenue relates to the recovery of staffing costs. The performance obligations of the contract are met when services are rendered. An invoice is raised for a fixed amount each month for services provided in the preceding month.

Notes to the Statement of Accounts

8. Property, Plant and Equipment

Policy:

Valuation - Where Property, Plant and Equipment has physical substance and they are held for the production or the supply of goods and services or administrative purposes and are expected to provide a benefit for more than one year, they are classified as capital assets. Expenditure in relation to these assets is recognised on an accruals basis and all expenditure on vehicles and building components is capitalised. There is a de-minimis limit of £10k for all other individual items of capital expenditure. Items that form part of the initial equipping of a new operational vehicle or in the setting up of a new building are capitalised as part of that project irrespective of their individual cost.

Assets that are undergoing work which results in them not being completed or becoming operational at the year-end results in the asset being carried forward in "assets under construction". Expenditure incurred during the year that is capital under statutory provisions but that does not result in the creation of a non-current asset is charged to the Comprehensive Income and Expenditure Statement in the year that it occurs and then reversed out through the Movement in Reserves Statement to ensure there is no impact on the council tax payer.

Assets are initially measured at cost and then carried on the Balance Sheet using the following measurement bases:

- Fire stations and other specialised buildings – Current value estimated using a depreciated replacement cost methodology utilising the concept of the modern equivalent asset.
- Houses and other non-specialised buildings – Current value based on existing use.
- Vehicles and equipment – Current value estimated using depreciated historic cost.
- Assets under construction – Actual cost.
- Surplus assets – Fair value based on the price that would be received on the sale of the asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Authority reviews the revaluing of its land and building portfolio every year using the services of an External Valuer. A component valuation approach is used for specialised assets such as Fire Stations, with the most significant elements of a building being separately valued and the remaining useful life assessed for each element. On appointment the Valuer carried out a physical inspection of all property for the valuation prepared at 31 March 2020. The highest value fire stations and service headquarters have a full physical inspection and valuation each year, as does 25% of the remaining estate on a four-year rolling basis. For the rest of the estate values are reviewed and an adjustment made for any impairment or increase in valuation as appropriate, to reflect any significant changes in values during the year. Material additions to the premises estate are valued at the date of acquisition or when the capital works to the property are completed and the property brought into use. It is planned that all property will be subject to a full physical inspection again in 2024/25.

Valuations are updated for specific properties where significant improvements or modifications are made. Other minor replacements or works below £100k are included within additions at actual cost unless the actual value is expected to be materially different.

Revaluation gains are taken to the revaluation reserve and revaluation losses are written-off against any balance on the revaluation reserve for that asset or to the Comprehensive Income and Expenditure Statement if the balance on the revaluation reserve is less than the loss.

Depreciation - The charge for depreciation is calculated on a straight-line basis over the estimated useful life of the asset taking into account the residual value of the asset. Estimated useful lives and residual values for property and plant are reviewed periodically, whereas the life and residual values of vehicles are

Notes to the Statement of Accounts

reviewed annually. Depreciation is charged to the relevant service line in the Comprehensive Income and Expenditure Statement from the date that the asset is completed. Where a large asset, such as a fire station, includes a number of components which have significantly different asset lives and are of a material value, the components are treated as separate assets and depreciated over their own useful economic life. Property, plant, vehicles and equipment under construction are not depreciated.

At the end of the financial year a review is undertaken to see whether any asset has suffered an impairment loss. When impairment losses are identified, they are charged to the revaluation reserve up to the amount of the accumulated gain. Where there is no balance or an insufficient balance on the revaluation reserve the loss is charged to the relevant service line in the Comprehensive Income and Expenditure Statement. When an impairment loss subsequently reverses, the relevant service line is credited with the reversal up to the amount of the original loss, adjusted for the depreciation that would have been charged if a loss had not been recognised.

At the 31 March 2024 the Authority had capital commitments of £0.587m in relation to new vehicle purchases and some premises expenditure (£2.728m at 31 March 2023).

This is the range of useful asset lives used in the calculation of depreciation for each class of asset.

Class Of Asset	Asset life for depreciation purposes
Buildings	10 to 65
Roofs	5 to 50
Drill towers	5 to 45
Bay doors	10 to 20
Generators	10 to 25
Fire appliances	13 to 15
Cars and vans	5 to 7
Other operational vehicles	5 to 20
IT Equipment	3 to 10

In addition to land and buildings the Authority has a fleet of fire appliances, specialist vehicles and cars. This table provides an analysis of property assets at 31 March 2024.

	Operational	Surplus	Held for sale
Fire Stations	56	-	-
Headquarters	1	-	-
Residential houses	20	-	-
Technical Rescue Centre	1	-	-
Training Centre	1	-	-
Other	1	-	-

Revaluations

The Authority's External Valuers, GVA Grimley Limited t/a Avison Young, carried out a full valuation of the Authority's entire land and building portfolio at 31 March 2020. The highest value fire stations and service headquarters have a full physical inspection and valuation each year, as does 25% of the remaining estate

Notes to the Statement of Accounts

on a four-year rolling basis. For the rest of the estate values are reviewed and an adjustment made for any impairment or increase in valuation as appropriate, to reflect any significant changes in values during the year. The valuations have been carried out in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The valuations are in accordance with International Valuation Standards (IVS) and the requirements of the Royal Institute of Chartered Surveyors (RICS) Valuation – Global Standards 2020 (the Red Book).

The majority of the properties are classified as property, plant and equipment. The Authority's fire stations, Technical Rescue Centre, Equipment Store and training facilities are specialised operational properties and as such are valued at current value using the depreciated replacement cost method with a consideration of the assumed modern equivalent asset. The Authority's houses, which are occupied for operational purposes, and the Headquarters building are valued at their current value in existing use, and assets held for sale are valued at fair value.

Vehicle, plant and equipment assets are initially included at historical cost as a proxy for current value. The value and remaining life of fire appliances are subject to an annual review by the Engineering Team.

The accounting policy allows for a full inspection and valuation each year for those properties that are material in value to the financial statements and thereby provide more reliable estimations on their value and also reduce the possibility of not identifying significant changes in value to the property portfolio. By undertaking a full inspection and valuation on the remaining 25% of properties across the Kent portfolio it allows for the Valuers to gain assurance and evidence for the assumptions applied across the remaining estate, thereby providing more reliable estimates and a better understanding of the condition and maintenance regime of our current properties.

Notes to the Statement of Accounts

2022/23

All figures are in £'000	Land and Buildings	Vehicles, Plant and Equipment	Assets under Construction	Surplus Assets	Total Property, Plant and Equipment
Cost or Valuation at 1 April 2022	93,200	33,729	1,408	924	129,261
Additions	438	1,641	1,858	-	3,937
Revaluation increases/(decreases) recognised in the revaluation reserve	11,757	173	-	337	12,267
Revaluation increases recognised in the deficit on the provision of services	155	5	-	-	160
De-recognition – disposals	-178	-805	-	-19	-1,002
Assets reclassified	-	-	-	-1,198	-1,198
Assets under construction completed in year	121	-	-121	-	-
Other movements in cost or valuation	-3,316	-149	-	-14	-3,479
Cost or Valuation at 31 March 2023	102,177	34,594	3,145	30	139,946
Accumulated Depreciation and Impairment at 1 April 2022	-	-20,095	-	-	-20,095
Depreciation/impairment charge	-3,321	-1,715	-	-15	-5,051
Assets Reclassified	-	-	-	-	-
De-recognition – disposals	5	730	-	1	736
Other movements in depreciation and impairment	3,316	149	-	14	3,479
Accumulated Depreciation and Impairment at 31 March 2023	-	-20,931	-	-	-20,931
Net Book Value at 31 March 2023	102,177	13,663	3,145	30	119,015
Net Book Value at 31 March 2022	93,200	13,634	1,408	924	109,166

Notes to the Statement of Accounts

2023/24

All figures are in £'000

	Land and Buildings	Vehicles, Plant and Equipment	Assets under Construction	Surplus Assets	Total Property, Plant and Equipment
Cost or Valuation at 1 April 2023	102,177	34,594	3,145	30	139,946
Additions	642	1,306	2,759	-	4,707
Revaluation increases/(decreases) recognised in the revaluation reserve	-509	12	-	2	-495
Revaluation increases recognised in the deficit on the provision of services	-693	10	-	1	-682
De-recognition – disposals	-4	-955	-	-	-959
Assets reclassified	-	-	-	-30	-30
Assets under construction completed in year	303	860	-1,163	-	-
Other movements in cost or valuation	-3,842	-172	-	-3	-4,017
Cost or Valuation at 31 March 2024	98,074	35,655	4,741	-	138,470
Accumulated Depreciation and Impairment at 1 April 2023	-	-20,931	-	-	-20,931
Depreciation/impairment charge	-3,843	-1,970	-	-3	-5,816
Assets Reclassified	-	-	-	-	-
De-recognition – disposals	1	849	-	-	850
Other movements in depreciation and impairment	3,842	172	-	3	4,017
Accumulated Depreciation and Impairment at 31 March 2024	-	-21,880	-	-	-21,880
Net Book Value at 31 March 2024	98,074	13,775	4,741	-	116,590
Net Book Value at 31 March 2023	102,177	13,663	3,145	30	119,015

Notes to the Statement of Accounts

9. Financial Instruments

Policy:

Financial assets

Financial assets are recognised within the Statement of Accounts when the Authority becomes party to the contractual provisions of the instrument or, in the case of debtors, when the contract obligations have been met. Financial assets are classified into three types; each type based on the business model for holding the instruments and the expected cashflow characteristics of them:

- Amortised Cost – These represent instruments held to collect contractual cashflows, e.g. fixed term bank deposits and loans where repayments of interest and principal take place on set dates and at specified amounts.
- Fair Value Through Other Comprehensive Income – These represent instruments held that are measured at Fair Value and held to both collect contractual cash flows and sell the financial asset on specified dates.
- Fair Value through Profit or Loss – These represent Instruments held whose objectives are all other combinations of business model and contractual cash flows.

Financial assets are de-recognised when the contractual rights have expired, or the asset has been transferred.

The Authority reviews its financial assets annually. Expected losses are calculated annually for assets that have a significant credit risk using a provision matrix based on historic write off of debt, whilst expected credit losses for investments are calculated based on the historic risk of default for each counterparty provided by the Authority's Treasury advisors, Debtors in the Balance Sheet are reduced by the impairment allowance. The subsequent impairment/loss allowance (if material) is then treated according to the Asset class:

- Assets valued at Amortised cost are reduced by the value of the expected losses (impairment) and reflected in their carrying amount.
- Assets carried at Fair Value through Other Comprehensive Income have the movements in their fair value reflected in the Financial Instruments Revaluation Reserve.
- Assets carried at Fair Value through Profit or Loss have their loss allowance recognised in the Surplus or Deficit on Provision of Services.

Financial liabilities

Financial liabilities are recognised in the Statement of Accounts when the Authority becomes party to the contractual provisions of the financial instrument, or, in the case of creditors, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is the liability has been paid or otherwise discharged.

Financial liabilities are initially recognised at fair value and are carried at their amortised cost. For creditors this will be the invoice amount.

The Authority has liabilities in relation to loans borrowed from the Public Works Loans Board and non-Public Works Loans Board creditors all of which are recognised at amortised cost.

Notes to the Statement of Accounts

Interest payable is charged to the Financing and Investment Income and Expenditure section in the Comprehensive Income and Expenditure Statement in the year to which it relates.

Fair Value Hierarchy

Valuation techniques used to measure fair value are categorised into Levels 1, 2 and 3 where:

- Level 1 has an active market with quoted prices for similar instruments.
- Level 2 has some directly observable market information other than Level 1 inputs.
- Level 3 has no market information and valuation requires significant judgement by management.

Categories of Financial Instruments

The categories of financial instruments that are carried in the Balance Sheet are shown in the table that follows:

All figures are in £'000	Long Term		Short Term	
	31 March 2024	2023	31 March 2024	2023
Investments				
Current Investments ¹	-	-	3,099	7,754
Short term investments ²	-	-	32,000	28,040
Cash and cash equivalents ²	-	-	8,215	9,879
Debtors				
Long term debtors ²	-	-	-	-
Short term debtors ²	-	-	1,742	1,647
Borrowings				
Long term borrowing ²	-	-400	-	-
Short term borrowing ²	-	-	-400	-301
Cash and cash equivalents ²	-	-	-	-
Creditors				
Long term creditors	-	-	-	-
Short term creditors ²	-	-	-4,204	-5,152

¹ at fair value through profit and loss using a Level 1 valuation technique.

² carried at amortised cost.

The fair value of loans borrowed from the Public Works Loan Board (PWL) is £403k compared to their book value of £400k (£709k: £701k in 2022/23). The fair value of the loans is higher than the carrying amount because the Authority's portfolio of loans comprises of fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional saving (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders below current market rates.

The Authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the market. However, a supplementary measure of the additional debt that the Authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates from the PWLB as at 31 March 2024. If a value was calculated on this basis the carrying amount of £400k would be valued at £419k. However, if the Authority were to seek to make early repayment of the loans to the PWLB, the PWLB would usually charge a penalty which is calculated by comparing the interest rate being paid on the loans to current borrowing rates. As the

Notes to the Statement of Accounts

Authority has less than a year to repay its remaining loan it will not look to repay the loan early as the difference would be nominal.

10. Debtors

All figures are in £'000	31 March	
	2024	2023
Central government bodies ¹	525	747
Other local authorities ¹	402	284
Collection Fund	5,480	5,493
Pension Fund	5,562	3,864
Other entities and individuals ¹	2,491	2,247
Total Debtors	14,460	12,635

¹ Part is included in the amount shown as short-term debtors in Note 9.

Collection Fund debtors at 31 March 2024 are shown net of provisions for bad and doubtful debts £3.776m (£3.413m at 31 March 2023).

11. Cash and Cash Equivalents

Policy:

Cash and cash equivalents are represented by cash in hand and deposits with financial institutions that are immediately repayable without penalty of notice not more than 24 hours.

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.

All figures are in £'000	31 March	
	2024	2023
Bank current accounts and cash held by the Authority	80	53
Short term deposits	8,135	9,826
Total Cash and Cash Equivalents	8,215	9,879

12. Assets Held for Sale

Policy:

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, and they meet the criteria contained in the Code. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value, less disposal costs. Fair value is the open market value including alternative uses.

The profit or loss arising on the disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Comprehensive Income and Expenditure Statement as a gain or loss on disposal. Where a non-current asset is sold for £10k or more the amount is credited to income and then transferred to usable capital receipts in the Balance Sheet where it is available to fund new capital expenditure.

Notes to the Statement of Accounts

Non-current assets that are to be scrapped or demolished do not qualify for recognition as held for sale. They are retained as property, plant and equipment or surplus assets and their economic life will be adjusted accordingly. Depreciation is not charged on assets held for sale.

Assets Held for Sale (continued)

All figures are in £'000	2023/24	2022/23
Balance at start of year	-	520
Assets newly classified as held for sale	30	1,198
Revaluation gains	-	-
Revaluation losses	-	-
Assets transferred to surplus	-	-
Assets sold in year	-	-1,718
Total Assets Held For Sale	30	-

13. Creditors

All figures are in £'000	31 March	
	2024	2023
Central government bodies ¹	3,829	4,363
Collection fund receipts in advance	1,434	1,524
Collection Fund creditor	2,667	2,174
Other local authorities ²	828	1,143
Other entities and individuals ^{1,2}	3,053	3,394
Total Creditors	11,811	12,598

¹ Includes part of the amount shown as short term creditors in Note 9.

² Includes part of capital creditors totalling £407k (£973k at 31 March 2023).

14. Provisions

Policy:

It is the policy of the Authority to make provisions in the accounts where there is an obligation to make a payment but where the amount or timing is uncertain. Provisions are charged to expenditure when the Authority becomes aware of the obligation based on the best estimate of the likely settlement. When payments are eventually made, they are charged direct to the provision. The level of the provision is kept under review and if the provision is not required it is reversed and credited back to expenditure in that financial year.

Insurance and General Provision

The Authority has external cover for insurance claims. At 31 March 2024 an estimate is made of the excess that could be payable for claims notified but not yet settled. A provision therefore needs to be maintained to fund these and any other potential claims. Whilst many claims are settled within a year some do take a number of years to be resolved.

Land contamination was identified as part of the ground testing in relation to the Ashford Live Fire

Notes to the Statement of Accounts

development. Discussions have taken place with the Environment Agency to agree the work required to remediate the site, an estimated cost for the site remediation has been obtained and has been set aside to fund the cost of the environmental works required.

Non-Domestic Rate Appeals

This provision is the Authority's share of amounts provided for by Kent billing authorities for Non-Domestic Rates appeals.

All figures are in £'000	Insurance Provision	General Provision	Non-Domestic Rates Appeals	Total
Balance at 1 April 2023	60	-	1,179	1,239
Movements in 2023/24:				
Additional provisions made	177	550	903	1,630
Amounts used	-3	-	-1,179	-1,182
Unused amounts reversed	-11	-	-	-11
Balance at 31 March 2024	223	550	903	1,676

15. Usable Reserves

Policy:

The Authority maintains a general fund balance equivalent to approximately 5% of the net revenue budget and also a number of Earmarked Reserves which are held for specific policy purposes or future expenditure. The Authority makes use of Earmarked Reserves in order to smooth the impact of peaks of expenditure and also to ensure resources are available to meet known commitments and liabilities.

Reserves are created by appropriating amounts out of the general fund balance in the Movement in Reserves Statement. When expenditure to be funded from the reserve is incurred it is charged to the appropriate service line in year. The reserve is then appropriated back into the general fund balance in the Movement in Reserves Statement so that there is no charge in that year to the Council Tax payer.

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement. The relevance and balance of each reserve is reviewed annually, the purpose of each of the Earmarked Reserves is described below.

Government Grants

This reserve contains unspent Government grants that are being rolled forward for use in future years.

Infrastructure

This reserve is used to fund expenditure on infrastructure assets (premises, environmental improvements, IT and communications equipment, as well as vehicles and operational equipment) and includes a significant programme of investment in station improvements / redevelopments and vehicle purchases over the medium term.

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Insurance and Resource

This reserve is used to smooth the impact of insurance claim volatility between financial years. It also provides an additional resource, should it be needed, to meet excessive costs in any one year, arising from the new Insurance Mutual Company arrangements. Given the volatility of the financial and economic markets, this reserve is also used to resource any one-off in year increases in costs that may arise at relatively short notice, for example excessive inflationary increases.

Rolling Budgets

This reserve is used to fund committed expenditure where the goods or services will not be received or delivered until the following financial year.

Service Transformation and Productivity

This reserve is used as a one-off funding resource to help pump-prime new initiatives or improvements to the Service. It will also help support collaborative initiatives with other blue light services and partner agencies.

This table below sets out the amounts set aside from the General Fund in Earmarked Reserves to provide financing for future expenditure plans and the amounts transferred from Earmarked Reserves to meet General Fund expenditure in 2023/24.

All figures are in £'000	Balance at 1 April 2023	Net Reserve Transfers 2023/24	Balance at 31 March 2024
General Fund Balance	3,970	290	4,260
Earmarked Reserves:			
- Government Grants	1,167	-263	904
- Infrastructure	26,630	121	26,751
- Insurance and Resource	3,071	1,509	4,580
- Rolling Budgets	619	142	761
- Service Transformation and Productivity	346	54	400
Total Earmarked Reserves	31,833	1,563	33,396
Total General and Earmarked Reserves	35,803	1,853	37,656

Additional breakdown of Government Grant Reserve balance:

All figures are in £'000	Balance at 31 March 2024
New Dimensions and New Threats	291
Building Risk Review and Protection Uplift	254
Emergency Services Mobile Communications Programme (ESMCP)	347
Pensions Administration for McCloud / Sargeant Remedy	12
Total Government Grants Reserve	904

Notes to the Statement of Accounts

16. Unusable Reserves

Policy:

The Balance Sheet includes a number of reserves that are maintained to manage the accounting processes for non-current assets, retirement and employee benefits, available for sale financial assets and the collection fund adjustments. These reserves are not distributable and cannot be used to support spending.

This table summarises the items included within unusable reserves. Details of movements on the various reserves are in the paragraphs that follow.

All figures are in £'000	2023/24	2022/23
Revaluation reserve	-50,139	-53,179
Accumulated Absences account	587	564
Pensions reserve	642,926	643,164
Collection Fund Adjustment account	-474	-617
Capital Adjustment Account	-64,601	-64,179
Total unusable reserves	528,299	525,753

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

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

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

All figures are in £'000	2023/24	2022/23
Balance at 1 April	-53,179	-44,056
Upward revaluation of assets	-3,131	-12,715
Downward revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services	3,626	448
Difference between fair value depreciation and historical cost depreciation	2,529	2,011
Accumulated gains on assets sold or scrapped	16	1,133
Balance at 31 March	-50,139	-53,179

Notes to the Statement of Accounts

Accumulated Absences Account

Policy:

Salaries, wages and employment-related payments, including the value of leave earned but not yet taken, are recognised in the period that the service is received from employees. An accrual will be made for the cost of any unused leave entitlement which has been carried into the following year. The accrual is based on the amount of holiday pay that would be paid for each day owed and includes an estimate for any related on-costs that would also be payable, such as national insurance. The calculation is reviewed every three years or in the event of a known material change.

The cost of the accrual for holiday pay and overheads is charged to the Surplus or Deficit on the Provision of Services and reversed out through the Movement in Reserves Statement so that the charge has no effect on the Council Tax-payer.

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, i.e. annual leave owed. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

All figures are in £'000	2023/24	2022/23
Balance at 1 April	564	433
Settlement or cancellation of accrual made at the end of the preceding year	-564	-433
Amounts accrued at the end of the current year	<u>587</u>	<u>564</u>
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	23	131
Balance at 31 March	587	564

Pensions Reserve - The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. Statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or as it eventually pays any pensions for which it is directly responsible. The balance on the Pensions Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources that 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.

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(Pensions Reserve continued)

All figures are in £'000	2023/24	2022/23
Balance at 1 April	643,164	1,011,310
Re-measurements of the net defined benefit liability	-10,471	-386,083
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	21,737	31,648
Employer's pensions contributions and direct payments to pensioners payable in the year	-14,077	-13,711
Asset Ceiling Adjustment	2,573	-
Balance at 31 March	642,926	643,164

Collection Fund Adjustment Account - The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax income and Non-Domestic Rate income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax and Non Domestic Rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

All figures are in £'000	2023/24	2022/23
Balance at 1 April	-617	-89
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income for the year in accordance with statutory requirements	496	672
Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income for the year in accordance with statutory requirements	-353	-1,200
Balance at 31 March	-474	-617

Notes to the Statement of Accounts

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

The Account contains gains recognised in relation to donated assets that have yet to be consumed by the Authority and revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007 when the Reserve was created to hold such gains. The Movement in Reserves Statement provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

All figures are in £'000	2023/24	2022/23
Balance at 1 April	-64,179	-63,799
<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</i>		
Charges for depreciation and impairment of non-current assets	5,816	5,051
Revaluation (gains) / losses on property, plant and equipment	682	-160
Revaluation (gains) / on assets held for sale	-	-
Revenue expenditure funded from capital under statute	12	297
Amounts of non-current assets written-off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	92	852
Adjusting amounts written out of the Revaluation Reserve	-2,529	-2,011
<i>Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing</i>		
Use of Capital Receipts Reserve to finance new capital expenditure	-1,330	-1,508
Statutory provision for the financing of capital investment charged against the General Fund	-573	-828
Capital expenditure charged against the General Fund Balance	-2,592	-2,073
Balance at 31 March	-64,601	-64,179

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17. Officers' Remuneration

This table provides details of actual remuneration for 2023/24 (including employer pension contributions) for the Chief Executive and the other most senior officers employed by the Authority. Comparative information for 2022/23 is also shown below. Details of the Senior Officer structure and related salary is published on the Authority's website at <http://www.kent.fire-uk.org>

Post Holder Information	Salary and Allowances	Pension Contributions	Total Remuneration inc Pension Contributions
All figures shown are in £'000			
2023/24			
Chief Executive – A Millington	170.5	28.1	198.6
Director, Response and Resilience	138.4	39.9	178.3
Director, Prevention, Protection, Customer Engagement & Safety	138.4	22.9	161.3
Director, Finance and Corporate Services	112.2	-	112.2
Assistant Director, Resilience	110.4	31.8	142.2
Assistant Director, Response	110.4	31.8	142.2
Assistant Director, Customer & Building Safety (left 08/04/2024)	110.4	31.8	142.2
Assistant Director, Customer & Building Safety (from 12/12/2023)	34.1	5.6	39.7
Assistant Director, HR & Culture* (left 20/02/2024)	50.5	-	50.5
Assistant Director, HR & Culture (from 20/11/2023)	38.4	6.3	44.7
Assistant Director, Corporate Services (post deleted)	-	-	-
	1,013.7	198.2	1,211.9

* (Job title change from Assistant Director, People & Learning)

Notes to the Statement of Accounts

Post Holder Information	Salary and Allowances	Pension Contributions	Total Remuneration inc Pension Contributions
All figures shown are in £'000			
2022/23			
Chief Executive – A Millington	165.7	25.7	191.4
Director, Response and Resilience	134.5	38.7	173.2
Director, Prevention, Protection, Customer Engagement & Safety	134.5	20.8	155.3
Director, Finance and Corporate Services	109.1	-	109.1
Assistant Director, Resilience	105.1	30.3	135.4
Assistant Director, Response	105.1	30.3	135.4
Assistant Director, Customer & Building Safety	105.1	30.3	135.4
Assistant Director, People & Learning	62.1	-	62.1
Assistant Director, Corporate Services	102.1	15.8	117.9
	1,023.3	191.9	1,215.2

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Officers' Remuneration (continued)

The table below shows the other employees, in addition to those senior officers detailed above, who are receiving more than £50,000 remuneration for the year (excluding employer pension contributions but including any benefits in kind):

Remuneration Band	Number of Employees	
	2023/24	2022/23
£50,000 - £54,999	89	76
£55,000 - £59,999	59	74
£60,000 - £64,999	52	32
£65,000 - £69,999	20	13
£70,000 - £74,999	14	22
£75,000 - £79,999	13	2
£80,000 - £84,999	2	3
£85,000 - £89,999	1	4
£90,000 - £94,999	5	-
Total	255	226

Notes to the Statement of Accounts

18. Members' Allowances

The Authority paid the following amounts to Members of the Authority during the year. Details of allowances paid to Members are advertised in the local press and are published on the Authority's website at www.kent.fire-uk.org.

All figures are in £'000	2023/24	2022/23
Allowances	78	76
Expenses	1	1
Total	79	77

19. External Audit Costs

The following external audit costs were incurred in the year.

All figures are in £'000	2023/24	2022/23
Fees payable to the external auditor:		
External audit services carried out by the appointed auditor for the year	104	34
Additional Audit Fee Variation 2021/22	-2	5
Additional Audit Fee Variation 2022/23	4	14
Additional Audit Fee Variation 2023/24	5	-
Total	111	53

20. Grant Income

This table shows the grants and contributions credited to the Comprehensive Income and Expenditure Statement in the year.

All figures are in £'000	2023/24	2022/23
Credited to Taxation and Non-Specific Grant Income:		
Revenue Support Grant	7,330	6,655
Small Business Rate Relief Grant and Compensation	3,942	2,756
Compensation for Additional Business Rate Relief 21/22	-	-206
Compensation for Additional Business Rate Relief 22/23	-246	246
Compensation for Additional Business Rate Relief 23/24	305	-
Business Rates Levy Account Surplus	125	125
Enterprise Zone Relief Grant	1	6
Transparency Code Set-Up Grant	8	8
Covid-19 Grant	-	1
Services Grant	603	1,027
Maritime MTA Emergency Response Grant	16	-
Credited to Services:		
Firefighter Employer Pension Contributions	3,536	3,536
New Dimensions	973	973
New Threats	39	39
FireLink	355	474
Prevention and Protection Uplift and Accreditation Grants	406	406
Apprenticeship Levy Drawdown	24	44
Redmond Review – Audit Grant	14	14
ESMCP Infrastructure	-	5
Road Safety Grants	3	1
Building Safety Regulator Compliance	113	21
Green Plant and Machinery Business Rate Exemptions	19	-
Salix Grant – Heat Decarbonisation	78	-
McCloud Case Compensation Grant	13	-
Total	17,657	16,131

Notes to the Statement of Accounts

21. 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. The necessary disclosures are detailed below:-

Central Government - Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax bills). Grants received from Government departments are detailed in Note 20 and amounts due to KFRS are detailed in Note 10 and amounts owed by KFRS are detailed in Note 13.

Senior Officers and Members - The total remuneration paid to senior officers is shown in Note 17 and details of Members' allowances paid in 2023/24 are shown in Note 18.

Members and senior officers of the Authority have direct control over its financial and operating policies and are required to disclose details of any transactions that the Authority has with any individuals with whom they may have a close relationship or any company in which they may have an interest. Members and senior officers of the Authority are required to declare whether they or any of their close family have been involved in any such related party transactions.

The Monitoring Officer for the Authority was provided by the Monitoring Officer at Medway Council up to 1 April 2024.

Kent County Council - The Authority contracts with the County Council for the provision of various services and the amount paid for 2023/24 was £335k (£263k in 2022/23). The services purchased include, pension administration, interpreter services, IT network services and Internal Audit.

Pensions - During the year amounts were paid to the Local Government Pension Scheme managed on behalf of the Authority by Kent County Council. Details of the amounts paid are shown in Note 25.

SECamb – Kent Fire and Rescue Service continue to work with the Trust to provide co-responding support, which results in us attending a number of incidents and we assist with gaining access at incidents where patients are in locked or inaccessible areas. There are a number of stations where SECamb employees are able to use KFRS facilities without charge in line with the Authority's charging policy.

BlueLight Commercial – This was established in 2020 by the Home Office, to work in collaboration with blue light organisations and local/national suppliers, to help transform their commercial services. The organisation has been set up as a not for profit, private company limited by guarantee. It is owned by the Police and Crime Commissioners. The Police and Crime Commissioner for Kent is a voting member of the Fire Authority and is Chair of the BlueLight Commercial Board. Membership is open to any organisation with a purpose or interest in the delivery of efficient and effective commercial services in support of blue light services. The Authority is named as a participating organisation on a BlueLight Commercial Contract and has placed an order for 29 Peugeot Partner Vans at a cost of £453,613 and 3 Peugeot Boxer Vans at a cost of £66,503 through the BLC contract.

Networked Fire Services Partnership – The Authority is working with three other Fire Authorities (Devon and Somerset, Dorset and Wiltshire and Hampshire) in a Networked Fires Services Partnership (NFSP) project, to provide a collaborative approach to the provision of fire control services. Each Authority is responsible for paying their share of the expenditure incurred across the

Notes to the Statement of Accounts

partnership. During 2023/24 Kent Fire re-imbursed each of the partners for its share of expenditure incurred for services provided, as detailed in the table below.

NFSP Cost Recovered	2023/24 £000's
Devon & Somerset Fire and Rescue Service	43
Dorset & Wiltshire Fire and Rescue Service	51
Hampshire & Isle of Wight Fire & Rescue Service	86
Total	180

22. 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 Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

All figures are in £'000	2023/24	2022/23
Opening Capital Financing Requirement	1,654	1,829
Capital Investment		
Property, Plant and Equipment	4,707	3,937
Revenue expenditure funded from capital under statute	12	297
Sources of Finance:		
Capital Receipt	-1,330	-1,508
Sums Set Aside from Revenue:		
Revenue Contributions towards Capital	-2,592	-2,073
Minimum Revenue Provision	-59	-73
Voluntary Revenue Provision	-514	-755
Closing Capital Financing Requirement	1,878	1,654
<i>Explanation of movements in year:</i>		
Decrease in underlying need to borrow	224	-175
Change in Capital Financing Requirement	224	-175

23. Leases

Policy:

Leases are classified as finance leases and recognised on the balance sheet where the terms of the lease, transfer substantially all the risk and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases and are charged to service revenue accounts.

The Authority is the lessee of a number of operating leases, these include managed service arrangements for the provision of personal and protective equipment (PPE) for firefighters, watercoolers, lone worker devices and rental space for the control room.

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

	2023/24	2022/23
Not later than one year	843	827
Later than one year and not later than five years	2,440	3,184
Later than five years	-	17
Total	3,283	4,028

24. Termination Benefits

Exit Packages by Cost Band

Cost Band £	2023/24				2022/23			
	Compulsory Redundancies No.	£'000	Other Departures Agreed No.	£'000	Compulsory Redundancies No.	£'000	Other Departures Agreed No.	£'000
0k - 20k	4	32	1	14	-	-	6	90
20k - 40k	1	26	1	26	-	-	-	-
40k - 60k	-	-	-	-	-	-	-	-
60k - 80k	-	-	-	-	1	66	-	-
Total	5	58	2	40	1	66	6	90

The cost of exit packages detailed above include statutory / discretionary redundancy costs and payments in lieu of notice. In addition to the above, ten flexible retirements were agreed during 2023/24 at a cost of £226k. £124k of the total cost of early retirements was paid out in 2023/24, the remaining £102k will be paid out in 2024/25.

25. Defined Benefit Pension Schemes

Participation in Pension Schemes

Policy:

The Authority accounts for its pension costs in accordance with the provisions of IAS 19 – Employee Benefits, as reflected in the Code of Practice. As part of the terms and conditions of employment of its employees, the Authority offers retirement benefits. Although these are not actually payable until an employee retires, the Authority has a commitment to make the payments in the future. This commitment is accounted for in the year that the employee earns the right to receive a pension at some time in the future.

LGPS Pension strain costs arising from early retirement are met from the Authority's revenue budget.

Fire Scheme - Contributions to the pension fund in respect of non-abated pensions where pensioners are re-employed by the Authority, ill-health retirements, and any lump sum and ongoing costs in respect of injury-related pensions are also met from the Authority's revenue budget.

The Authority maintains a separate ledger account for the Firefighters' Pension Fund and any shortfall is recovered from the Government by way of a grant. The grant is recognised in the Comprehensive Income and Expenditure Statement in the year that it is receivable and reversed back out through the Movement in Reserves Statement.

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As previous pension schemes have now closed to new members, the Authority now only has two employment schemes open to members, which are:

1. **Local Government Pension Scheme (LGPS) which is operated by the Kent County Council Superannuation Fund, under the regulatory framework** - The governance of the scheme is the responsibility of the Superannuation Fund Committee of Kent County Council. Policy is determined in accordance with Pension Fund Regulations. The Investment Managers of the fund are appointed by the Committee. The LGPS became a Career Average Revalued Earnings (CARE) scheme from 1 April 2014.

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

This is a funded scheme, meaning that both the Authority and the employee pay contributions into a fund, calculated at a level estimated to balance the pension liabilities against investment assets. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. The contributions have been determined by the Fund's Actuary on a triennial basis and are set to meet 100% of the liabilities of the Pension Fund. The scheme assets and liabilities attributable to LGPS employees can be identified and are recognised in the Authority's accounts. The assets are measured at fair value and the liabilities at the present value of the future obligations. The increase in the liability arising from pensionable service earned during the year is recognised within the cost of services. The expected gain during the year from scheme assets is recognised within financing and investment income and expenditure. The interest cost during the year arising from the unwinding of the discount on the scheme liabilities is recognised within finance costs. Gains and losses from changes in assumptions during the year are recognised in the Pensions Reserve and reported as other income and expenditure in the Comprehensive Income and Expenditure Statement.

Arrangements for the award of discretionary post-retirement benefits upon early retirement for LGPS employees – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, no investment assets have been built up to meet these pensions' liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

2. **The 2015 Firefighters' Pension Scheme (2015 FPS) for which the Authority is the Scheme Manager and is therefore responsible for managing and administering the scheme** - Firefighters' employed by the Authority can join the 2015 Firefighters' Pension Scheme. Previously, some members will have built up final salary benefits in the 1992 Firefighters' Pension Scheme and/or the 2006 Firefighters' Pension Scheme but these schemes were closed to active membership on 31 March 2022. From 1 April 2022 all active firefighter membership is in the 2015 Firefighters' Pension Scheme, which is a Career Average Revalued Earnings (CARE) scheme introduced on 1 April 2015 and is governed by the Firefighters' Pension Scheme (England) Regulations 2014.

The 2015 Firefighters' Pension Scheme is a defined benefit scheme however, the scheme is unfunded and DLUHC uses a methodology consistent with the SCAPE approach (Superannuation Charge Adjusted for Past Experience) as the basis for calculating the employers' contribution rate paid by fire and rescue authorities. Unfunded means that there are no investment assets built up to meet the pension liabilities and cash has to be provided to meet the payments as they fall due. In 2023/24 the Authority paid £9.105m (£9.049m in 2022/23) into the Firefighters' Pension Fund in respect of firefighters' retirement benefits. The

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employer contribution rate was 28.8% for 2023/24. In addition, £564k was paid by the Authority into the Fund in respect of ill-health charges (£439k) and non-abated pensions (£125k).

The Authority is responsible for the cost of any benefits awarded due to injury, including injury related lump sums and injury related annual pension payments.

The Authority is exposed to some risks (positive or negative) in relation to the Firefighter Pension schemes. The Government Actuary determines the employer pension contribution rates and will base these on estimates of interest rates (based on market yields on high quality corporate bonds), inflationary impact on benefits paid and the longevity of scheme members.

Transactions Relating to Post-employment Benefits

The Authority recognises the cost of retirement benefits in the cost of services as they are earned by employees, not when the benefits are paid as pensions. The charge to be made against Council Tax is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the General Fund in the Movement in Reserves Statement.

McCloud / Sargeant Case

The Firefighters' Pensions (Remediable Service) Regulations 2023 came into force on 1 October 2023. The regulations require the Authority to offer members who retire on or after 1 October 2023 a choice of which pension scheme membership (legacy scheme (1992 or 2006) or reformed (2015) scheme) they wish to have their pension benefits paid on for the remedy period (1 April 2015 – 31 March 2022). The regulations also require the Authority to provide the same choice to members who have retired and drawn their pension benefits during the remedy period. These members must be provided with details of their options (including calculations) in the form of a Remedial Service Statement (RSS) by 1 April 2025.

Implications of the remedy are reflected in the Authority's pension scheme valuations as at 31 March 2024. The Authority's employer contribution rate has increased to 37.6% from 1 April 2024 (previously 28.8%).

Matthews / O'Brien Case

The Firefighters' Pensions Schemes (England) (Amendment) Order 2023 came into force on 1 October 2023. The regulations require the Authority to offer pension scheme membership to eligible retained / on-call firefighters' who were employed between 7 April 2000 and 5 April 2006 by providing access to the modified section of the Firefighters' Pension Scheme 2006 (referred to as 'the modified scheme'). A previous exercise had been undertaken in 2014, but the updated regulations now provide the opportunity for those who are eligible to buy membership back to their start date, even if this is prior to 7 April 2000, so long as they have continuous employment up to and including this date. Eligible members must be provided with their options (including calculations) and to have made an election to join the scheme prior to 31 March 2025.

As members will have the option to purchase service either as a lump sum payment or through periodic contributions over a number of years, the past service cost will be recognised as and when the relevant service is purchased and therefore accrued. This will be based on the value of contributions paid to purchase the additional pension entitlement and this approach is the same as previously adopted for service purchased under the first options exercise.

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The Table below shows the transactions that have been made in the Comprehensive Income and Expenditure Statement and General Fund Balance via the Movement in Reserves Statement during the year.

All figures are in £'000	LG Pension Scheme		Firefighter Schemes		Firefighter Injury		Total	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Comprehensive Income and Expenditure Statement								
<i>Service cost comprising:</i>								
Current service cost	2,550	4,221	5,182	15,552	255	766	7,987	20,539
Past service costs	74	137	76	100	-	-	150	237
<i>Financing and Investment Income and Expenditure:</i>								
Net interest expense	-147	48	29,151	24,093	1,072	737	30,076	24,878
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	2,477	4,406	34,409	39,745	1,327	1,503	38,213	45,654
<i>Remeasurement of the net defined benefit liability comprising:</i>								
Return on Plan assets (excluding the amount in net interest expense)	1,015	2,229	-	-	-	-	1,015	2,229
Actuarial gains and losses arising on changes in:								
Financial assumptions	-2,247	-58,018	-10,206	-389,355	-275	-8,672	-12,728	-456,045
Demographic assumptions	-1,109	-	514	-	43	-	-552	-
Experience loss/gain(-) on defined benefit obligations	249	9,884	1,466	55,172	79	2,677	1,794	67,733
Asset ceiling adjustment	2,573	-	-	-	-	-	2,573	-
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	2,958	-41,499	26,183	-294,438	1,174	-4,492	30,315	-340,429
Movement in Reserves Statement								
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	-2,477	-4,406	-34,409	-39,745	-1,327	-1,503	-38,213	-45,654
<i>Actual amount charged against the General Fund Balance for pensions in the current year:</i>								
Employer's contributions payable to scheme	2,821	2,429	9,668	9,780	-	-	12,489	12,209
Retirement benefits payable to pensioners	-	-	-	-	1,588	1,502	1,588	1,502

Notes to the Statement of Accounts

Pension Assets and Liabilities Recognised in the Balance Sheet

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

All figures are in £'000	2023/24	2022/23
Present value of the defined benefit obligation:		
Local Government Pension Scheme	-88,505	-86,423
Fire Pension Schemes	-642,926	-643,301
Fair value of assets in the Local Government Pension Scheme	91,078	86,560
Asset ceiling adjustment - Local Government Pension Scheme	-2,573	-
Net liability arising from defined benefit obligation	-642,926	-643,164

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy because:

- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Discretionary benefits arrangements have no assets to cover their liabilities.

Asset Ceiling Adjustment

Following the LGPS pensions valuation by the Authority's actuary, Barnett Waddingham, the Authority determined that the fair value of its LGPS pension scheme assets outweighed the present value of the plan obligations as at 31 March 2024, resulting in a pension plan net asset. IAS 19 Employee Benefits requires that, where a pension plan asset exists, it is measured at the lower of:

- a) The surplus in the defined benefit plan (£2.573m); and
- b) The asset ceiling (Nil).

The asset ceiling is the present value of any economic benefit available to the Authority in the form of refunds or reduced future employer contributions. The Actuary's calculation of the asset ceiling has followed their interpretation of IFRIC 14. The calculations assume that:

- The Authority is a scheduled Employer and assumed to participate indefinitely.
- There is no prospect of the Authority having an unconditional right to a refund of the surplus on the basis that such a payment would be at the discretion of the Fund.
- The requirement for the Authority to make contributions to the Fund is considered to be a Minimum Funding Requirement (MFR). For the period beyond the Rates and Adjustments certificate, the actuary's best estimate is that the Authority will be expected to pay the primary rate. This is based on the fund actuary's methodology which is designed to provide a stable contribution rate, stepping towards the primary rate, and the lack of any other readily available figure. The Authority has a negative secondary contribution rate, which has been included in the calculation of the MFR. For the period beyond the existing Rates and Adjustments certificate the actuary's best estimate is that future service will be equal to the primary rate.
- The MFR exceeds the current cost of accrual then the potential economic benefit from future contributions reductions is nil.

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- The unadjusted surplus was £2.573m. The value of the asset ceiling is nil. Therefore, the impact of the asset ceiling is £2.573m.

The Authority has therefore applied (b), the asset ceiling in accordance with IAS 19. The effect of this is a reduction in the pension scheme reserve, an increase in the pension scheme obligations, and a reduction in the amount chargeable to the CIES.

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

All figures are in £'000	2023/24	2022/23
Opening fair value of scheme assets	86,560	84,350
Interest income	4,292	3,333
<i>Re-measurement gain/(loss):</i>		
The return on plan assets, excluding the amount in the net interest expense	-1,015	-2,229
Other actuarial gains	-	-
Administration expenses	-78	-51
Contributions from employer	2,821	2,429
Contributions from employees into the scheme	1,115	1,080
Benefits paid	-2,617	-2,352
Closing fair value of scheme assets	91,078	86,560

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The actual return on scheme assets in the year was £3.277m (2022/23: £1.104m).

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

All figures are in £'000	Local Government Pension Scheme		Firefighter Pension Schemes		Firefighter Injury		Total	Total
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Balance at 1 April	-86,423	-128,141	-620,193	-938,417	-23,108	-29,102	-729,724	-1,095,660
Current service cost	-2,550	-4,221	-5,182	-15,552	-255	-766	-7,987	-20,539
Interest cost	-4,067	-3,330	-29,151	-24,093	-1,072	-737	-34,290	-28,160
Contributions from scheme participants	-1,115	-1,080	-4,225	-4,240	-	-	-5,340	-5,320
<i>Re-measurement (gains) and losses - actuarial gains/losses arising from:</i>								
changes in financial assumptions	2,247	58,018	10,206	389,355	275	8,672	12,728	456,045
change in demographic assumptions	1,109	-	-514	-	-43	-	552	-
Past service cost	-74	-137	-76	-100	-	-	-150	-237
Experience loss/(gain) on defined benefit obligation	-249	-9,884	-1,466	-55,172	-79	-2,677	-1,794	-67,733
Benefits paid	2,617	2,352	30,369	28,026	1,588	1,502	34,574	31,880
Unfunded pension payments	-	-	-	-	-	-	-	-
Balance at 31 March	-88,505	-86,423	-620,232	-620,193	-22,694	-23,108	-731,431	-729,724

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Local Government Pension Scheme assets comprised:

	31 March 2024		31 March 2023	
	£'000	%	£'000	%
Equity Investments	52,984	58	55,235	64
Gilts	6,673	7	474	1
Other Bonds	13,114	14	11,368	13
Property	8,171	9	8,640	10
Cash	1,450	3	1,553	2
Absolute Return Fund	4,602	5	6,341	7
Infrastructure	4,084	4	2,949	3
Total	91,078	100	86,560	100

The table below details percentages of the total Fund held at 31 March 2024 in each class of asset (split by those that have a quoted market price in an active market and those that do not).

		31 March 2024	
		% Quoted	% Unquoted
Index Linked Government Securities	UK	7%	-
Corporate Bonds	UK	4%	-
	Overseas	11%	-
Equities	UK	16%	-
	Overseas	37%	-
Property	All	-	9%
Others	Absolute return portfolio	5%	-
	Private equity	-	5%
	Infrastructure	-	4%
	Cash/temporary investments	-	2%
Total		80%	20%

Notes to the Statement of Accounts

Significant Actuarial Assumptions

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 Local Government Pension Scheme (LGPS) and Firefighter Pension Schemes liabilities have both been assessed by Barnet Waddingham, an independent firm of Actuaries. The principal assumptions used by the Actuary have been:

	Pension Scheme			
	Local Government		Firefighter	
	2023/24	2022/23	2023/24	2022/23
<i>Mortality assumptions:</i>				
Longevity at 65 for current male pensioners:	20.8	21.1	20.6	20.6
Longevity at 65 for current female pensioners	23.3	23.5	23.2	22.9
Longevity at 65 for future male pensioners	22.0	22.3	21.9	21.9
Longevity at 65 for future female pensioners	24.7	25.0	24.6	24.4
<i>Other assumptions:</i>				
Rate of consumer price index inflation	2.90%	2.90%	2.90%	2.90%
Rate of retail price index inflation	3.15%	3.30%	3.25%	3.30%
Rate of increase in salaries	3.90%	3.90%	3.90%	3.90%
Rate of increase in pensions	2.90%	2.90%	2.90%	2.90%
Rate for discounting scheme liabilities	4.95%	4.80%	4.90%	4.80%

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 relevant change that the assumption is changed whilst all other assumptions remain constant. The assumptions in longevity, for example assume that life expectancy increases or decreases for men and women. In practice this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit method. The methods and assumptions used in preparing the sensitivity analysis did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Schemes

Change in assumption:	Local Government Pension Scheme		Firefighter Pension Schemes	
	Increase	Decrease	Increase	Decrease
All figures are in £'000	0.5%	0.5%	0.5%	0.5%
<i>Increase or decrease:</i>				
Life expectancy by 1 year	2,835	-2,743	23,422	-22,551
Rate of increase in salaries	900	-863	5,694	-5,524
Rate of increase in pensions	8,000	-6,932	49,646	-43,477
Rate for discounting scheme liabilities	-7,618	8,759	-47,904	54,495

Impact on the Authority's Cash Flows

An actuarial valuation of the Authority's funding position for the LGPS was undertaken as at 31 March 2022 determining the employer contribution rates to be increased from 16.5% to 17.5% for 2024/25 and to 18.5% for 2025/26. Every 1% increase in the employer contribution rate increases the Authority's costs by around £150k per year.

On 19 December 2023 the Government's Actuary Department published the valuation results for the 31 March 2020 actuarial valuation of the Firefighters' Pension Scheme. One of the key outputs of the valuation process is the Employer contribution rate. The publication confirmed that the Employer contribution rate (after allowing for ill health charges etc) would increase from 28.8%, to 37.6% from 1 April 2024. This increase in the rate results in a budget pressure of some £2.921m for the Authority for 2024/25. It has been confirmed that the Government will provide a grant totalling £2.757m to cover the majority of the increases in costs for 2024/25, but there is no guarantee that this funding will continue in future years.

The Authority expects to make the following ordinary contributions to pension schemes in the year to 31 March 2025: LGPS (17.5%) £3.112m and; 2015 Firefighter Pension Scheme (37.6%) £12.479m. The estimated Macaulay duration of the defined benefit obligation for scheme members is 16 years for the Firefighter Schemes and 19 years for LGPS (16 and 20 years respectively in 2022/23).

26. Contingent Liabilities and Assets

Policy:

A contingent liability - is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority. They may also arise in circumstances where a provision would otherwise be made but the possibility of a payment is remote, or the amount cannot be measured sufficiently reliably.

A contingent asset - arises from a past event which gives the Authority a possible asset whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority. A contingent asset is disclosed where an inflow of economic benefit is possible.

Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. The Authority is required to disclose if there are possible obligations which may require payment or a transfer of economic benefit at some time in the future.

Fire and Rescue Indemnity Company (FRIC) - The Authority is one of the twelve fire authorities that now form the hybrid discretionary mutual protection company to provide financial indemnity protection. All members have equal voting rights irrespective of size or contribution, the Director of Finance and Corporate Services is a voting member for this Authority. All twelve services have been working together to reduce risk and share best practice. Protection is in place to limit each member's exposure to financial loss. Contributions are paid to the company and any surplus from operations is held by the company in their reserve. The reserve enables peaks and troughs of claims expenditure to be managed and if the current level of performance is maintained, these funds could also be used for a number of other purposes including funding for improved risk management; to increase the level of claims costs borne by FRIC (thereby reducing external insurance costs); or reducing the contributions of member FRAs.

Emergency Services Radio Network - In December 2023 the Competition Appeals Tribunal (the

Tribunal) took the decision to uphold the Competition and Market Authority (CMA)'s decision to impose a charge control mechanism on a supplier in respect of the revenue that it can earn from its charges. The supplier has lodged an application for permission to appeal the Tribunal's decision of the Court to the Appeal (CoA). Since an appeal request has been lodged with the CoA it is possible that the Tribunal's decision may be overturned, in turn setting aside the CMA's charge control. As the outcome of any potential appeal remains uncertain, the Authority's estimated refund (c. £227k) has been disclosed as a contingent asset at this stage.

Kent Pension Fund – Kent County Council the administrators of the Kent Pension Fund, is aware of the 'Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)' case and considers that there is potential for the outcome of this case to have an impact on the Kent Pension Fund. The case affects defined benefit schemes that provided contracted-out benefits before 6 April 2016 based on meeting the reference scheme test. Where scheme rules were amended, potentially impacting benefits accrued from 6 April 1997 to 5 April 2016, schemes needed the actuary to confirm that the reference scheme test was still being met by providing written confirmation under Section 37 of the Pension Schemes Act 1993. In the Virgin Media case the judge ruled that alterations to the scheme rules were void and ineffective because of the absence of written actuarial confirmation required under Section 37 of the Pension Schemes Act 1993. The case was taken to The Court of Appeal in June 2024 and the original ruling was upheld.

As a result, there may be a further liability to the Authority's share of the Kent Pension Fund for benefits that were reduced by previous amendments, if those amendments prove invalid (i.e. were made without obtaining s37 confirmation). The Government Actuary's Department is currently undertaking a review to confirm whether such changes occurred in Local Government Pension Schemes. At this point it is not possible to estimate the potential impact, if any, on the Kent Pension Fund and thus the obligation and liability shown in the Authority's accounts

27. Nature and Extent of Risks Arising from Financial Instruments

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority.
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.
- Re-financing risk – the possibility that the Authority might be requiring to renew a financial instrument at disadvantageous interest rates or terms.

Overall Procedures for Managing Risk

The Authority's overall risk management procedures focus on the considerable risk and uncertainty in the global financial markets and banking systems. They are therefore structured to ensure suitable controls are in place to minimise these risks. The Authority manages risk by:

- Adherence to the CIPFA Treasury Management Code of Practice.
- Adopting a Treasury Policy Statement and Treasury Management clauses within its financial regulations.
- Approving annually in advance prudential and treasury indicators which set limits for the Authority's overall borrowing; the maximum and minimum exposures to fixed and variable interest

rates; the maximum and minimum exposures to the maturity structure of its debt; and the maximum exposure to investments maturing beyond one year.

- Approving an Investment Strategy for the forthcoming year setting out the criteria for investment and the selection of counterparties.

The annual Investment and Treasury Management Strategy for 2023/24 was approved by the Authority in February 2023 and is implemented by the Finance team. The key limits approved were:

- The authorised limit for external borrowings and long-term liabilities was set at £27.5m.
- The operational boundary, or expected level of debt and other long-term liabilities during the year, was set at £23.5m.
- The maximum amounts of fixed and variable interest rate exposure were set at 100%
- No investments would be made for a period in excess of twelve months.

Market Risk

Interest Rate Risk

The Authority is exposed to risks arising from movements in interest rates. The Treasury Management and Investment Strategy aims to mitigate these risks by setting an upper limit of 20% on external debt that can be subject to variable interest rates.

As at 31 March 2024 all borrowing was at fixed interest rates and is carried at amortised cost, therefore movements in interest rates do not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. Long-term borrowing decisions are based on interest rates prevailing at the time and there is a risk that the rate on a loan may be higher than the market rate available in the future.

Investments are also subject to interest rate risk. The Authority's current policy of holding short term fixed rate deposits and variable rate deposits increases its exposure to interest rate movements. However, this is balanced against the Authority's actions to mitigate credit risk. In-year movements in rates will impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

Interest earned on deposits and investments in 2023/24 was £2.472m which equates to an average rate of 5.09%. For every 0.1% change in interest the Comprehensive Income and Expenditure Statement would have been credited or debited with a further £43k.

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority would call upon the deposits in its call accounts as a first priority. There is no significant risk on which it will be unable to raise finance or meet its commitments under financial instruments. Instead, the risk is that the Authority will need to borrow at a time of unfavourable interest rates. The Authority ensures that the debt is managed to ensure that there is an even maturity profile through a combination of careful planning of new loans taken out and making early repayments (should it be considered economic to do so). The maturity analysis of financial liabilities is as follows:

All figures are in £'000 **31 March 2024**

Less than one year	400
Between one and two years	-
Between two and five years	-
More than five years	-
Total	400

Credit Risk

Credit risk arises from deposits with banks and financial institutions and from income due to the Authority for services provided. The Authority defines default as the failure of a counterparty to fulfil their obligation of money owed to the Authority. The Authority will only write-off debt where it has exhausted its opportunities for recovering monies.

This risk is minimised through the annual Investment and Treasury Management Strategy which reflected a level of uncertainty in the year ahead. The Strategy specified the counterparties, the maximum amounts that could be invested with each and the maximum duration of 12 months. Deposits are spread amongst counterparties to further minimise risk as it is unlikely that all counterparties would default at the same time.

No breaches of the Authority's counterparty criteria occurred during the reporting period and the Authority has no evidence to suggest that there will be any losses from non-performance by any of its counterparties.

The Authority's maximum exposure to credit risk in relation to its deposits in banks cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. At the 31 March 2024 the Authority had £3.05m deposited in Treasury Bills, which are secure Government backed assets. There was also £0.99m deposited in instant access accounts, £7.22m deposited in Money Markets, £10m in notice accounts and £22m in fixed term deposits.

It is considered unlikely that these entities would be unable to meet these commitments, as all of the Authority's investment counterparties are classified as low credit risk. Despite the low credit risk there remains some degree of risk of recoverability. IFRS9 requires restatement of prior year figures, based on expected losses. For the Authority investments with banks, building societies and Money Markets is calculated using historic risk of default percentages provided by the Authority's Treasury Advisors, for 12 month expected losses. All of the Authority's investments are less than 12 months. Trade Debtors always carry some degree of irrecoverability, expected losses are calculated under the simplified approach using a provision matrix with expected values based on historic default. The expected losses calculations as at 31 March 2024 resulted in a total immaterial figure. The CIPFA Code states that "accounting policies need not be applied if the effect of applying them would be immaterial" the effect of the expected losses have therefore not been shown in the accounts.

Apart from the contract to supply services to Eurotunnel, the Authority does not receive a significant amount of income for goods and services provided. The amounts outstanding from debtors at the end of the year can be analysed by age as follows:

All figures are in £'000	31 March 2024
Less than three months	756
Three to six months	-
Six months to one year	1
More than one year	-
	757
Total	

Firefighters' Pension Fund Account

28. Firefighters' Pension Fund Account

The Authority contracts with Local Pensions Partnership Administration (LPPA) for the day-to-day administration of firefighter pensions. A separate ledger account is maintained for the Firefighters' Pension Fund Account and as there are no investment assets the Fund is balanced to nil each year by the receipt of a top-up grant from central Government.

The accounting statement does not take into account liabilities to pay ongoing pensions and other benefits beyond 31 March 2024. Details of the Authority's long-term pension obligations are shown in Note 25 to the Statement of Accounts.

All figures are in £'000	2023/24 Pension Fund	2022/23 Pension Fund
Contributions receivable:		
Fire Authority:		
Contributions in relation to pensionable pay	-9,105	-9,049
Early retirements (ill health)	-439	-579
Other	-125	-151
Firefighters' contributions	-4,225	-4,240
	-13,894	-14,019
Transfers in from other authorities	-137	-118
Benefits payable:		
Pensions	24,918	22,402
Commutations and lump sum retirement benefits	5,589	5,741
	30,507	28,143
Payments to and on account of leavers:		
Transfers out to other authorities	-	-
Net amount payable for the year	16,476	14,006
Top-up grant payable by the Government	-16,476	-14,006
	-	-

Firefighters' Pension Fund Net Assets Statement

The statement below identifies the Firefighters' Pension Fund assets and liabilities that are included in the Authority's Balance Sheet.

All figures are in £'000	2023/24	2022/23
Current assets:		
Contributions due from Fire Authority	59	74
Top-up receivable from the Government	5,562	3,864
Current liabilities:		
Unpaid pension benefits	-361	-133
Other current liabilities ¹	-5,260	-3,805
	-	-

¹ This reflects the extent to which the Pension Fund Account assets and liabilities impact on the Authority's cash position.

Glossary of Terms

Budget

A statement defining the Authority's plans over a specified period of time, expressed in financial terms.

Billing Authority

The KMFRA is a precepting authority with Medway and Kent District and Borough Councils acting as agents on behalf of the Authority to collect Council Tax and Business Rates (Non-Domestic). These authorities are collectively referred to as billing authorities.

Capital Expenditure

This is expenditure relating to the provision and improvement of property, plant and equipment assets such as land, buildings and vehicles that have a useful life in excess of one year.

Capital Receipts

The proceeds arising from the sale of fixed assets that can be used to finance capital expenditure or repay borrowing.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the accounting body that provides accounting guidance to the public sector. The guidance is defined as 'proper practices' and has statutory backing.

Code of Practice on Local Authority Accounting (the Code)

This is the annual guidance issued by CIPFA that specifies the principles and accounting practices required to give a 'true and fair' view of the financial position, financial performance and cash flow of local authority accounts.

Collection Fund

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, showing the transactions of the billing authority in relation to Council Tax and Non-Domestic Rates and illustrates the way in which these have been distributed to Preceptors and the General Fund.

Component Valuation

The Authority has adopted a component valuation approach to valuing property assets. This means that for valuation purposes a building is broken down into its main constituent elements (roof, bay doors, boiler, etc.) and each element is separately valued and its remaining life estimated.

Current Value

This valuation method recognises the value of an asset for its service potential in its current use.

Depreciation

Depreciation is the charge made for fixed assets over their useful life, which represents the extent to which the asset has been consumed over the course of the year.

Glossary of Terms

Employee Expenditure

This includes the salaries and wages of employees together with national insurance, employer pension contributions and all other pay-related allowances. Training expenses and recruitment costs are also included.

ESMCP (Emergency Services Mobile Communications Programme)

The Emergency Services Mobile Communication Programme (ESMCP) set up by the Home Office, will replace the current communication service provided by Airwave. The new service will be called the Emergency Services Network (ESN). Through utilising the latest mobile technology in 4G and LTE, ESN will ensure the functionality, coverage, security and availability needs of the UK's emergency services are fully met.

Fair Value

This is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

General Fund Balance

The General Fund Balance is the description given in the Code to those reserves held by an Authority that are not earmarked for specific purposes and is more commonly described as the General Reserve.

Government Grants

Funding that is received from Government that is paid for from its own tax income. Grants may be general or provided for specific purposes.

Impairment Charge

Where there is a fall in the value of a fixed asset due to a change in economic circumstances or because an event has occurred which has had serious impact on the value of the asset. The extent to which an asset can be used (e.g. a fire) may be impacted and therefore the fall in value is regarded as an impairment and a charge is made to the Comprehensive Income and Expenditure Statement. Like depreciation charges, the impairment charge is only notional and it does not impact on the amount to be met from Council Tax.

Infrastructure Plan

The Authority's medium term expenditure plan drawing together all revenue and capital expenditure to invest in and maintain the Authority's property, vehicle, IS/IT and operational equipment assets.

Intangible Assets

Intangible assets are assets that do not have physical substance but are identifiable and are controlled through custody or legal rights. Expenditure on software or software licences are examples of intangible assets.

International Accounting Standard (IAS) and International Financial Reporting Standard (IFRS)

These are globally accepted accounting standards which set out the correct accounting treatment for an organisation's financial transactions.

Glossary of Terms

DLUHC

The Department for Levelling Up, Housing and Communities is the UK Government department for housing, communities and local government in England, formerly the Department Ministry of Housing, Communities and Local Government (MHCLG)

Minimum Revenue Provision (MRP)

The amount that the Authority must charge to the revenue account each year for repayment of debt.

Non-Domestic Rates

Commonly referred to as business rates this income is collected by the billing authorities and a proportion is paid over to the Authority.

Net Cost of Services

Comprises all expenditure minus all income (excluding precept, capital grant, and reserve transfers).

Past Service Pension Costs

This represents the change in the present value of the defined benefit obligation for employee service in prior periods resulting from a pension scheme plan amendment or a curtailment (a significant reduction by the Authority in the number of employees covered by the plan).

Precept

A Precept is the levying of a rate by one authority which is collected by another. The Kent and Medway Towns Fire Authority precepts upon the Kent District and Medway Council collection funds for its share of Council Tax income.

Public Works Loans Board

A Government-controlled agency that provides a source of borrowing for public authorities.

Related Party Transaction

A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for, a related party irrespective of whether a charge is made.

Revenue Expenditure

Expenditure to meet the continuing cost of services including employee expenses, premises and vehicle running expenses, purchase of materials and capital financing charges.

Revenue Expenditure Funded From Capital Under Statute

This is expenditure that would ordinarily be regarded as revenue expenditure because it does not give rise to a tangible asset or provide any ongoing benefit to the Authority. As the Government has allowed capital resources to be used to finance this expenditure it is charged to the revenue account but any capital grant provided will be treated as revenue grant and credited to the revenue account.

Glossary of Terms

SECAmb

South East Cost Ambulance Service NHS Foundation Trust is part of the National Health Service.

Voluntary Revenue Provision

Any additional amounts charged to revenue for the repayment of debt that is in excess of the minimum revenue provision required by statute.

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Annual Governance Statement 2023/24

Introduction

Kent Fire and Rescue Service is overseen and run by a dedicated local authority called the Kent and Medway Fire and Rescue Authority. The [Kent and Medway Fire and Rescue Authority](#) ('the Authority') is responsible for ensuring that it delivers its services in accordance with the prevailing legislation, regulations and government guidance and that proper standards of stewardship, conduct, and professional competence are followed by those working for and with the Authority. In this Authority however, responsibility for the approval of the final accounts and the Annual Governance Statement (AGS) is the responsibility of the Audit and Governance Committee.

The Annual Governance Statement is a legally required review of the Authority's governance and systems of internal control along with an assessment of their effectiveness. The legal requirement to undertake this annual review is set out in [Section 6 of the Accounts and Audit Regulations 2015](#).

Good governance is key to the ethical stance of the organisation and the Authority is committed to applying the principles of good governance as set out in the CIPFA (Chartered Institute of Public Finance and Accountancy) in their 'Delivering Good Governance in Local Government Framework 2016'.

This CIPFA framework is the established standard for public sector governance and by adhering to it, the Authority ensures that the services provided to the people of Kent and Medway are delivered efficiently, effectively and fairly, that public money is used wisely, is properly accounted for and achieves optimum value for money.

The Accounts and Audit regulations state that the publication of an annual governance statement in accordance with the principles of the CIPFA framework fulfils these statutory requirements. It is for this reason that the assessment takes place against the CIPFA framework.

In discharging these responsibilities, the Authority is required to ensure that appropriate arrangements are put in place for the control and management of its business affairs, service performance and finances, and for the management of the risks it faces. It also makes a commitment to keep under review its governance arrangements and address any key issues that may arise.

What this statement tells you

This document sets out the results of the assessment for 2023/24 and enables the reader to form a view of how the Authority meets its duty to deliver services to the people of Kent and Medway effectively and fairly.

This statement provides a summarised account, based on a self-assessment of how our internal controls, systems, processes and management arrangements meet the principles of good governance set out in the CIPFA framework. It is written to provide a clear, simple assessment of how the Authority's governance has operated over the past financial year and identifies any improvements made and any weaknesses or gaps in the arrangements that require addressing.

Its main aim is to provide the reader with confidence that the Authority is effectively managed, and delivers the services required in accordance with current legislation and our stated aims, objectives and values.

The review considers the previous twelve months. This means that the processes, systems and initiatives that were reviewed for this annual governance statement have operated throughout the whole of the financial year ending 31 March 2024 and have remained in operation up to the date of approval of the 2023/24 Statement of Accounts.

The Annual Governance Statement is published in draft form alongside the draft Statement of Accounts. Once both documents have been signed off by external audit and approved by the Audit and Governance Committee, the final version of the [Annual Governance Statement](#) is published on our website alongside the Statement of Accounts. Paper copies of this report are also available from: Kent Fire and Rescue Service Headquarters, The Godlands, Tovil, Maidstone ME15 6XB, or by telephoning 01622 692121. We will also accept requests made via social media.

Relationship with the Fire and Rescue National Framework Statement of Assurance

[Section 21 of the Fire and Rescue Services Act 2004](#) requires the Secretary of State to prepare a Fire and Rescue National Framework which sets priorities and objectives for fire and rescue authorities in England. The current [Fire and Rescue National Framework](#) was published on 1 June 2018.

Fire and rescue authorities have a statutory duty to have regard to the Fire and Rescue National Framework. Consequently, the Authority undertakes a separate self-assessment of operational performance, known as the Statement of Assurance. The Statement of Assurance is the assessment of the position of the Authority against the Fire and Rescue National Framework and is published as a separate document.

This also links to the revised inspection and assurance process for Fire and Rescue Services that was announced in 2017 as part of the reforms carried out by the Home Secretary. Paragraphs 7.4 and 7.5 of the Fire and Rescue National Framework require Fire and Rescue Authorities to co-operate with HMICFRS and give due regard to reports and recommendations made by HMICFRS.

What is governance?

CIPFA define governance as follows:

“Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.”
CIPFA, Delivering Good Governance in Local Government Framework, 2016, p12.

Good governance in public sector organisations is critical as it enables effective organisational structures and processes which, in turn, allow for the attainment of sustainable economic, societal and environmental outcomes. The fundamental function of good governance in the public sector is to ensure that authorities achieve their intended outcomes while acting in the public interest at all times.

Within the Authority, the concept of governance exists against the backdrop of the legal requirement for a review of systems and controls as set out in the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Regulations 2022 and the daily organisational adherence to the principles of good governance contained within the CIPFA governance framework.

The CIPFA framework defines the seven principles that should underpin the governance of local government organisations and provides a structure to aid authorities in their approach to governance. The seven principles are set out on page 11 of this document:

CIPFA state that local authorities should be able to demonstrate that their governance structures comply with these seven principles. The principles set out in CIPFA framework are embedded in the Authority through its [Code of Corporate Governance](#). This is the means through which the Authority applies the principles of good governance and sets out how the Authority meets each of the principles in its day-to-day activities. However, the launch of the Financial Management (FM) Code 2019 highlights an important focus on improving financial resilience and embedding enhanced standards of financial management. There are therefore clear links between the FM Code and the Governance Framework, particularly in relation to the focus on achieving sustainable outcomes.

Who is responsible for ensuring good governance?

The Authority has overall responsibility for ensuring effective governance arrangements are in place, with the Authority meeting three times a year to conduct its business. The Authority is made up of 25 elected councillors appointed by Kent County Council (21) and Medway Council (4) as well as the Kent Police and Crime Commissioner.

In October 2021, the Authority established a new committee, the Audit and Governance Committee. The purpose of this committee is to provide independent assurance to the Authority of the adequacy of the risk management framework and the internal control environment. Meeting three times

per year, it provides an independent review of Kent and Medway Fire and Rescue Authority's (KMFRA) governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It also oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place. It is also responsible for signing off the final accounts and this AGS for the relevant financial year. The lead officer is the Director of Finance and Corporate Services and there are 10 elected Members from the Authority and one Independent Member.

The Chief Executive has management responsibility for ensuring that effective controls and processes are implemented across the Authority in compliance with the Code of Corporate Governance, and these are regularly reviewed and updated with regular reports submitted to the Authority. The Director of Finance and Corporate Services is responsible for ensuring that effective financial controls are in place, the provision of an effective internal audit function, and for reviewing the overall effectiveness of the Governance Framework. However, the whole corporate leadership team has collective responsibility for setting the strategic direction and managing the finances, albeit the Director of Finance and Corporate Services leads in coordinating and facilitating a culture of efficiency and value for money. The future strategic direction is set out in a suite of six strategies, each covering specific areas of the organisation, and detailing what has been achieved and what we aim to achieve. These were approved by the Authority in July 2021 and they underpin the [Customer Safety Plan](#).

The responsibility for ensuring that appropriate systems of internal control are introduced and complied with, remain effective and are regularly reviewed, is delegated to a number of senior managers at Director or Assistant Director level across the Authority. They are charged with delivery of those functions incorporated within each of the functional elements comprising the overall Governance Framework. Where the Authority has developed arrangements to work in collaboration with other fire and rescue authorities or other public bodies, such as the police, every effort is made to ensure that the principles of good governance that are in place within the Authority also operate within the management processes of those collaborative arrangements.

Governance, strategy and planning – how does it all fit together and interact?

At the heart of the organisation is [our vision, aim and objectives](#); these are [supported by our customer promise](#).

The first stage in developing the Authority's plans is to consider the long-term aim and objectives. Once these have been assessed and agreed by Members, proposals for changes to the Service are drawn up and consulted upon with colleagues, members of the public, businesses and community groups as published in the [Safety and Wellbeing Plan](#) (formerly referred to as the Integrated Risk Management Plan) which sets out proposed changes for consultation.

The outcomes of the Safety and Wellbeing Plan, once agreed by Members are then fed into the [Customer Safety Plan](#). The Plan is reflected in the [Medium Term Financial Plan](#) and [infrastructure programme](#). The [Customer Safety Plan](#) also provides details of the Authority's performance over the

previous year, targets for the coming years and an improvement action plan explaining how we intend to achieve these targets. The information in the Customer Safety plan is updated regularly through the course of the year and republished every four years.

Each Directorate within the Service developed a [strategy](#) that sets out how it will meet the objectives in the [Customer Safety Plan](#). These strategies were reviewed annually but are completely refreshed on a four yearly cycle. Over recent months that refresh has been undertaken and a new Community Risk Management Plan (CRMP) has been developed.

Following a consultation with the people of Kent and Medway at the end of 2023, which reviewed the proposed key risks that the Authority faces, the approach to refreshing the Customer Safety Plan has been redesigned. As a result of feedback from the consultation on the key risks that the organisation faces, the comments have been considered and a much enhanced Community Risk Management Plan (CRMP) (which replaces the Safety and Wellbeing Plan) is being developed to cover the next four years. It outlines the key challenges and risks facing our customers and communities, and proposals on how we intend to meet and reduce them. The CRMP links our protection, prevention, and response work together to help prevent and/or reduce harm. Strategic priorities are being established, which will help determine the appropriate actions for the future. The proposed CRMP will be presented to the Authority for consideration in early July 2024, and if agreed a detailed action plan will be developed over the months that follow, in order that this can be considered by the communities of Kent and Medway in the summer of 2025.

There are several reports and documents that we are required to publish as a fire and rescue service. The first of these is the [Safety and Wellbeing Plan](#), which is required under the [Fire and Rescue Services Act 2004](#).

We publish an [Annual Governance Statement](#) (this document), in line with the requirements of the Accounts and Audit Regulations 2015. In addition, we undertake and publish the [Statement of Assurance](#), an annual assessment of the position of the Authority against the Fire and Rescue National Framework 2018.

The CIPFA framework states that each local authority should be able to demonstrate that its governance structures comply with the seven principles of good governance in the public sector. In order to achieve this a local authority should develop and maintain a local Code of Governance that reflects these principles. For the Authority, this requirement is met through the publication of our [Code of Corporate Governance](#). This is reviewed annually and was last updated in October 2023.

Key pieces of legislation and guidance

The key pieces of legislation relating to the Authority's governance arrangements and operations as a fire authority are as follows:

[Accounts and Audit \(England\) Regulations 2015](#) – This legislation is what requires the Authority to undertake a review of its systems of governance and internal control. The Annual Governance Statement is the report of this review. An amendment to the regulations was published in [2022](#).

[Kent Fire Services \(Combination Scheme\) Order](#) – This is the Order made by Parliament which first established the Authority. It contains the Constitution of the Authority and prescribes the arrangements for the Authority to take over responsibility for Kent Fire Brigade from Kent County Council on 1 April 1998.

[County of Kent Act](#) – This covers access for the fire service to new and extended buildings.

[Fire and Rescue Services Act 2004](#) – This outlines the duties and powers of fire authorities to promote fire safety; fight fires; protect people and property from fires; rescue people from road traffic collisions; deal with other specific emergencies, such as flooding or terrorist attack and other activities in response to the particular needs of their communities and the risks they face.

[The Building Safety Act 2022](#) – this provides a new framework for the design, construction and occupation of “higher risk” buildings (defined as those having at least 18 meters or 7 storeys or more that comprise of at least 2 domestic premises). The Act introduces a strengthened regulatory regime improving accountability, risk management and assurance by ensuring the ‘golden thread’ of safety information regarding how the building has been designed, built and managed is stored and shared throughout the entire life of the building. The Act has 6 Parts, and contains provisions intended to secure the safety of people in or about buildings and to improve the standard of buildings by putting residents at the heart of cultural change in the built environment that will be enforced by the Building Safety Regulator.

[Regulatory Reform Fire Safety Order 2005](#) – This covers fire safety in public, commercial and industrial buildings along the common parts of blocks of flats. This is the legislation that gives KFRS powers to undertake fire safety inspections and prosecute breaches of the order. Section 156 of the Buildings Safety Act 2022 makes a number of amendments to the Regulatory Reform (Fire Safety) Order 2005 (FSO) to improve safety in all buildings regulated by the FSO. These improvements form phase 3 of the Home Office fire safety reform programme.

[Civil Contingencies Act 2004](#) – This sets out the framework for civil protection in the United Kingdom. It imposes a clear set of roles and responsibilities on those organisations with a role to play in preparing for and responding to emergencies. KFRS is one of those organisations.

[Fire and Rescue National Framework for England](#) – Published by the Home Office, this presents the government’s priorities and objectives for fire and rescue authorities. Fire and rescue authorities have a statutory duty to have regard to this.

[Local Government Act 1972](#) – This makes provision with respect to local government and the functions of local authorities in England and Wales. This legislation sets out the role of the Section 151 Officer (Director of Finance) and the financial regulations under which we operate. The Kent Fire Services (Combination Scheme) Order references the fact that KFRS will abide by the Local Government Act 1972.

[Financial Management Code 2019](#) – provides guidance for good and sustainable financial management in local authorities. The FM **Code** offers assurance that authorities are managing resources effectively, regardless of their current level of financial risk.

The Assurance Process – How we provide and use assurance information

IDENTIFY	ASSESS	REVIEW	ACT
What do we want assurance on?	How is that assurance provided?	How is that assurance reviewed and validated?	What do we do with the information received?
<ul style="list-style-type: none"> • That we comply with our Code of Corporate Governance • That we deliver the services, and objectives set out in our Customer Safety Plan • That we take account of the views of stakeholders and customers • That we use and account for public money properly • That the risks we face are effectively managed • That we comply with legislation, regulation and statutory guidance • That we get the best out of our Members and employees • That we collaborate effectively where it improves services • That we demonstrate high standards of ethical behaviour 	<ul style="list-style-type: none"> • External Auditor's Reports • Internal Auditor's Reports • HMICFRS inspection reports • Feedback received from our customers and partners • Senior managers' self-assessment of key controls, including compliance with the CIPFA statement on "The Role of the Chief Financial Officer in Local Government" • Operational Assurance processes • Performance and risk monitoring and reporting • Continuous coaching dialogue and performance management • Comparison with our peers • Awards and accreditations received 	<ul style="list-style-type: none"> • An annual performance report is presented to Members via the Authority • Regular reports reviewed and monitored by Corporate Management Board and the Strategic Leadership Team • Regular monitoring of key performance information • Publishing of key performance information and data for public access and scrutiny • Regular reports and information to Government Departments • External and Internal Audit validation • Public scrutiny and challenge of key performance and financial information published on our website 	<ul style="list-style-type: none"> • Communicate our results to the public • Consider the findings, learn from the information received, and respond accordingly • Update our plans to deliver improvements • Revisit our key controls and make improvements where required • Provide additional training and support where needed • Monitor the achievement of the changes we make and the direction of travel • Develop a specific action plan to deliver any governance improvements required • Learn from experiences and continually look to improve

How did we do?

The overall level of assurance is assessed against a five-tier RAG (red, amber, green) rating. The criteria that inform this rating are drawn from the definitions in the assurance levels used by Internal Audit – this ensures consistency with the reporting methodology used during these other assessments of the Authority’s effectiveness. These are displayed on page 32 of this Statement.

As stated earlier, the review uses the structure and takes place against the seven principles of the CIPFA framework of good governance in the public sector.

This 2023/24 review was undertaken between April and May 2024 and has been informed by the following:

- The views of the External Auditor, in the External Auditor’s update of the statement of accounts 2022/23 and letter of representation for 2022/23, and the Audit Risk Assessment for 2023/24 presented to the April 2023 Audit and Governance Committee
- The views of the Head of Internal Audit contained in the [Internal Auditor’s Annual Report 2023/24](#) presented to the April 2024 Audit and Governance Committee meeting and the [Internal Audit 2022/23 progress report](#) presented to the January 2024 Audit and Governance Committee meeting.
- Ongoing self-assessments undertaken by senior officers responsible for functional areas of the Service and validated by the Corporate Management Board, including the level of awareness of the role and interrelationship between control systems.
- External awards and recognition, including the Authority being awarded: -
 - ‘Outstanding’ by [HMICFRS in the 2021/22 Inspections](#) for the category of Efficiency and ‘Good’ for the areas of Emergency Response and People. The Authority was congratulated by His Majesty’s Inspector of Fire and Rescue Services for “its performance across all three areas of our assessment. Since the last inspection, it has improved in almost all areas. There are many positives to report. The service thoroughly understands risk and prioritises accordingly, showing some very innovative and clear planning”. We are anticipating Round Three inspections to be conducted in the early part of 2025.
 - The first Fire and Rescue Service to receive the Pride in Care Standard for commitment to equality, diversity and inclusion.
 - Defence Employer Recognition Scheme Gold Award supporting our Armed Forces.
 - Stonewall Diversity Champion Programme
 - Medway Wellbeing Workplace Gold Award – recognising commitment to wellbeing of its members.
 - Investors in Volunteers – for good practice in volunteer management
 - Institute of Customer Service ‘ServiceMark’ accreditation.
- A review of our performance against our stated objectives and targets for 2023/24 in the Customer Plan.
- The risk management process and a review and update of the Corporate Risk Register that went to the April 2024 meeting of the [Authority’s Audit and Governance Committee](#) and in-year review to the January 2024 [Audit and Governance Committee meeting](#). The Audit and

Governance Committee review the Corporate Risk register annually.

- The effectiveness of any changes and improvements made to the governance framework during the last financial year and the Annual [Statement of Assurance](#).
- Campaigns, open days and public awareness sessions to support the community of Kent and encourage greater interaction with our service such as the Smoke is No Joke, Clean Sweep Alert, Stay Warm this Winter and Getting Through Campaigns and Public CPR and Defibrillator awareness sessions.

The level of assurance for 2023/24

- On the basis of our internal review of the operation of the Authority's internal controls, the level of assurance for the 2023/24 financial year has been assessed as **SUBSTANTIAL**. This indicates that in general strong systems and sound controls are in place, but processes will be reviewed periodically to ensure that they remain efficient and effective. However, training and development in policy areas will be continually reviewed and undertaken, as necessary.

Our analysis of the assurance available against the CIPFA principles of good governance is set out on pages 12 to 30 of this statement. This identifies the information used to provide assurance of the effectiveness of the controls in place. Delivery of the agreed improvements will be monitored by senior management.

The effects of the coronavirus pandemic

At the start of the Coronavirus pandemic the Authority's corporate teams and flexi duty operational officers effectively transitioned to working from home without disruption to the delivery of services by the Authority. This was possible due to the strength and resilience of the Authority's IT infrastructure and robust processes and policies. This has also enabled a new, more flexible working approach, since the pandemic, where colleagues can work flexibly between Fire Service premises and home. In doing so we have adopted a more 'hot desk' approach which has allowed us to re-evaluate and reorganise our office space requirements, allowing for better use of our premises.

Although operational activities have returned to pre pandemic levels the Authority is not complacent to the potential ongoing impact of other pandemics in the future. We therefore continue to monitor Government guidance to ensure that robust processes are in place to protect the public and service colleagues whilst carrying out their duties.

Compliance with the principles of the Financial Management Code

Following issues over the past few years with financial management and corporate governance in some local authorities, the Chartered Institute of Public Finance and Accountancy (CIPFA, the professional institute for accountants working in the public services and other bodies where public money needs to be managed) reviewed its guidance and issued the 'Financial Management Code.' This mandatory Code provides guidance for good and sustainable financial management in local authorities. The intention is that by complying with the principles and standards within the Code, local authorities will be able to demonstrate their financial sustainability. The Code came into effect from 1 April 2020, with a full implementation deadline of 31 March 2021. The Financial Management Code is based on six core principles:

1. **Organisational leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into the organisational culture.
2. **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
3. Financial management is undertaken with **transparency** as its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
4. Adherence to professional **standards** is promoted by the leadership team and is evidenced.
5. Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection
6. The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

In February 2021 a report on Financial Governance was presented to the Authority, setting out an overarching summary of the key financial governance changes that affected the Authority from April 2021 onwards (see [KMFRA, February 2021, Item No: B2](#)). It highlights the importance of a number of key documents. Firstly, the creation of the Financial Management Code, to support good practice in financial management and financial sustainability, based on 6 core principles, as set out above. Secondly, the National Audit Office Code of Audit Practice set out the requirements of auditors to fulfil their statutory responsibility, with the biggest area of change being the focus on value for money and the need now to provide a separate opinion on value for money. Key to this is the reporting by auditors under these three key areas; Financial Sustainability; Governance and Improving the '3 Es' (economy, efficiency and effectiveness). The Authority's first assessment against these revised criteria was very positive and complimentary to the organisation. Finally, there is the outcome of the Redmond Review, from which there have been a number of recommendations, some of which are in place and others are yet to be fully enacted by Government. All of these documents have been influential in establishing the future framework for strong financial governance across this Authority.

As a consequence of these documents being issued, the Authority undertook an initial self-assessment of the level of compliance with the Code, with an Action Plan being developed setting out a number of actions that needed to be progressed. Good progress has been made against the Plan and many are now embedded across the organisation. [Six Corporate Strategies](#) were established in support of the [Customer Safety Plan](#), and these were

agreed by the Authority in July 2021. These set out the medium-term approach and deliverables for the Service and influence the Medium-Term Financial Plan. Strategy Boards monitored their progress and delivery on a quarterly basis. The Strategies were reviewed regularly to ensure they remain fit for purpose however they have now been enhanced and redesigned within the CRMP, which highlights the strategic priorities for the medium term.

Assessment of the Authority's compliance with the CIPFA framework

This statement provides a summarised account, based on a self-assessment, of how our internal controls, systems, processes and management arrangements meet the principles of good governance set out in the CIPFA framework. The seven principles are as follows:

- Principle A** Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Principle B** Ensuring openness and comprehensive stakeholder engagement.
- Principle C** Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Principle D** Determining the interventions necessary to optimize the achievement of the intended outcomes.
- Principle E** Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Principle F** Managing risks and performance through robust internal control and strong public financial management.
- Principle G** Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

Against each of the principles, examples are provided demonstrating how the Authority complies with each of them.

<p>Principle A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</p>	<p>Employees' and Members' commitment to ethical standards in daily activity.</p> <p>Code of Ethical Conduct - In 2021 the Authority developed a Code of Ethical Conduct which reflected the fact that our behaviour is central to serving our customers effectively. It aims to ensure that the resources, policies and procedures are all in place, so that our organisation acts in accordance with the Code. This Code sets out the requirements for colleagues across the organisation to fulfil their obligation to act in the best interests of our customers, to act appropriately both inside and outside work and to remain compliant to the policies and frameworks that affect Kent Fire and Rescue Service. Through adhering to this Code, everyone strives to create a positive, responsible, innovative, open and constructively challenging working environment. A place where ability and delivery are valued, encouraged, developed and rewarded. The Code is kept under review and updated periodically to enhance, when necessary, the Ethical Code around various issues. There is also a separate section in the Code relating to Senior Managers, where it focuses on specific areas in relation to leadership and decision making for example, being more relevant to senior managers.</p>
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[Code of Conduct for Members of the Fire Authority](#). When undertaking the business of the Authority, it is a requirement for all Members of the Authority to conduct themselves in accordance with our values and ethics. It also sets out the mechanism by which inappropriate or unethical behaviour can be reported and investigated.

We publish an annual report on [Members' standards, allowances and travel expenses](#).

The Gifts and Hospitality Code of Practice sets out the rules and guidance on receiving and giving gifts, hospitality and sponsorship, and forms part of the Authority's [Code of Ethical Conduct](#).

The Bullying and Harassment Policy makes clear the expectations on all of our employees and ensures we understand our responsibilities. Its purpose is to promote and support a working environment and a culture free from bullying and harassment.

Supporting Employees Experiencing Domestic Abuse Policy. Sets out our commitment to treat domestic abuse seriously, understand the risks and consequences in the workplace and provide our full support to the colleagues who experience any form of domestic abuse.

Commitment to ethical standards in how we handle and process personal data

[Data Protection and Information Security Policy](#). This sets out our commitment to data protection and processing personal data in line with the requirements of the UK GDPR and the Data Protection Act 2018. It also sets out the process by which data incidents are recorded and investigated and, where appropriate, reported.

Effective arrangements for dealing with any breaches of law, corruption or misuse of power.

Monitoring Officer - All local authorities are required by the Local Government and Housing Act 1989 to appoint a Monitoring Officer whose statutory duty is to report to the Authority on any proposed actions which may contravene the law or constitute maladministration. In February 2021, [the Authority approved the proposal for the appointment of a new Monitoring Officer](#) from Medway Council for a four-year term from the period 01/04/2021 to 31/03/2025. To help fulfil that requirement the Monitoring Officer reviews all reports prior to their submission to an Authority or Audit and Governance committee meeting. However, the Authority's Monitoring Officer advised that they would be standing down from the role with effect from 31 March 2024. As such, from [1 April 2024 the Monitoring Officer role will be provided by the Legal Services team within the Mid Kent Improvement Partnership](#).

	<p>Code of Corporate Governance. This sets out the seven key principles of good governance which the Authority has adopted and the means by which these principles are adhered to and evidenced. The principles set out here represent the core philosophy of the Authority. It was last updated in 2020 to incorporate the requirements of new guidance issued by CIPFA regarding financial management in public authorities. We regularly review such documents which was last reported for Members approval at the October 2023 Authority meeting.</p> <p>The Authority has an effective and up-to-date suite of policies covering anti-bribery, anti-fraud and corruption and anti-money laundering.</p> <p>Our Speak Up Policy ensures arrangements are in place to give staff the confidence to challenge and report allegations of inappropriate behaviour and gives the Authority the means to investigate such reports.</p> <p>There is a formalised process for managing allegations against staff. Previously part of the feedback policy, to ensure it is as effective as possible.</p> <p>Commitment to ethical standards in relationships with our suppliers, service providers and partners.</p> <p>The Modern Slavery Policy sets out our commitment to ensure modern slavery is not taking place anywhere in our own business, in any of our supply chains and to be sufficiently trained to identify risks when performing our front-line services. Equality in Procurement at Kent Fire and Rescue Service. In response to the Equality Act 2010 and our own values in promoting equality in everything we do; we want people who work with us to also demonstrate the same commitment to fairness and equality. To this end we have a formalised approach to Equality in Procurement at Kent Fire and Rescue Service. We consider it necessary for organisations who intend to supply goods, works or services to us or on our behalf to demonstrate that reasonably practical steps have been taken to allow equal access and treatment in employment and services for all and can give evidence of their approach to meeting the requirements of the law.</p>
<p>Principle B Ensuring openness and comprehensive stakeholder engagement.</p>	<p>Provide a simple process for engaging with, and seeking information from us about our decisions, services and plans.</p> <p>The Safety and Wellbeing Plan was last consulted upon at the end of 2022 Safety and Wellbeing Plan. There then followed a public consultation, at the end of 2023, which focussed on the key risks faced by the Authority over the Medium Term, as set out in the CRMP.</p>

The purpose of consultation is to provide the people of Kent and Medway with an opportunity to comment on the potential key risks and proposals for the future. On the basis of the feedback that we receive through the consultations this provides us with a basis on which to develop our service delivery plans for the future. Consultation is not only undertaken with members of the public but also businesses and community groups.

We have also provided a summary of what the public receive for the money they pay in council tax, to help run the fire and rescue service across Kent and Medway. Responses to the proposals in the plan are analysed and then presented to the Fire Authority. The Authority recently went out to public consultation between 1 November 2023 and 1 February 2024 on the Community Risk Management Plan (CRMP). The CRMP process builds upon the 10-year analysis of the key societal, economic, technological and environmental changes that were set out in the 2022 Safety Plan. The results of this are published in our CRMP risk analysis and assessment document called [“Creating a Safer Future – Together”](#)

Provide a simple process that encourages feedback from services users and consider these in our decision making.

Customer Feedback Policy. This policy ensures that feedback received by the Authority is dealt with fairly and properly. The Authority is committed to transparency and an analysis of feedback received is reported to the Authority annually in a publicly available report.

The Authority also offers several communication channels, including social media, through which the public are able to [get in contact, provide feedback and offer their views](#).

Community Right to Challenge Policy. This is in line with the Localism Act 2011, which enables community and voluntary groups, town and parish councils and mutual organisations formed by the Authority’s employees to express an interest in running a service or part of a service on behalf of the Authority. It also clarifies the Authority’s obligations to consider such expressions of interest and undertake a procurement exercise for the service concerned, where an expression is accepted.

Institute of Customer Service ICS -we asked the ICS to benchmark our customer service against similar organisations to measure progress and to support our ServiceMark accreditation. The first survey, called Business Benchmarking was carried out with a cross section of customers that have used one of our services, including those provided by Customer Safety, Building Safety and Response and Resilience. The results showed that our satisfaction levels are outstanding and have improved on our scores from 2020. This included a score of 96.3% against the UK Customer Satisfaction Index (UKCSI).

	<p>Openness in the structure and meetings of the Fire Authority</p> <p>Meetings of the Fire Authority and the Audit and Governance committee are open to the public and agenda packs, reports and minutes are made publicly available.</p> <p>In addition, the following documents relating to the governance of the Fire Authority are made publicly available:</p> <p>Standing orders. These are rules for the operation of Authority and Committee meetings.</p> <p>Scheme of Delegation of Powers to the Chief Executive. This sets out those decisions which can only be taken by the Authority or the Audit and Governance committee (i.e. by Members of the Authority), and those which can be taken by the Chief Executive or other officers.</p> <p>Convention on Member and Officer relationships. This deals with the working relationships between Members (both as individuals and collectively within their political groups) and the officers (i.e. paid staff) of the Authority.</p> <p>Stakeholder engagement</p> <p>Freedom of Information Policy. This ensures that the public are made aware of their rights and the Authority's responsibilities in relation to the Freedom of Information Act 2000 and access to information held by public authorities.</p> <p>Subject Access Request Policy. This sets out the rights of the public under the UK GDPR over their own data and the responsibilities of the Authority in respect of those rights.</p>
<p>Principle C Defining outcomes in terms of sustainable economic, social, and environmental benefits.</p>	<p>Set out our vision for the Service detailing our strategies, plans and objectives for the future and the resources to be employed to deliver these.</p> <p>Customer Safety Plan 2021-2031. This sets out our strategies and ideas for what a modern fire and rescue service should do for the public it serves. The outcomes of the Safety and Wellbeing Plan, once agreed by Members are then fed into the Customer Safety Plan. The Plan considers the Medium Term Financial Plan infrastructure programme and also provides details of the Authority's performance over the previous year, targets for the coming years and an improvement action plan explaining how we intend to achieve these targets.</p>

[Corporate Strategies](#). As part of the Customer Safety Plan, each Directorate within the Service developed a corporate strategy that sets out how it will meet the objectives in the Customer Safety Plan. However, these have now been incorporated within the CRMP, which as a result reflects the strategic priorities for the future for the period 2025-2029. The six corporate strategies were:

1. Response and Resilience
2. Customer Engagement and Safety
3. People
4. Environmental and Assets Improvement
5. Business Change, Information and Technology
6. Commercial and Procurement

[Safety and Wellbeing Plan](#). This was the Authority's public consultation document in early 2023. The purpose of our Safety and Wellbeing Plan is to inform the public about changes we intend to make or would like the public's views on before we make them. Proposals for changes to the Authority are drawn up and consulted upon with colleagues, members of the public, businesses and community groups. We have also provided a summary of what the public receive for the money they pay in council tax to help run the fire and rescue service across Kent and Medway. Responses to the proposals in the Plan are analysed and then presented to the [Fire Authority](#).

[Medium Term Financial Plan](#). Our approach to budgeting is sustainable and business-led and is detailed in a document called the Medium-Term Financial Plan. The latest document covers the four-year period from 2024/25 to 2027/28 and underpins the Customer Safety Plan.

[Capital Strategy](#). The CIPFA Prudential Code for Capital Finance requires Authorities to produce a Capital Strategy which sets out the long-term capital investment for the Authority. It sets out the governance and funding options whilst identifying potential risks to ensure an affordable and sustainable programme of capital investment. The Authority maintains an earmarked Infrastructure Reserve that is fully allocated to help fund the identified 10-year programme.

[Treasury Management and Investment Strategy](#). The CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code require the Authority to determine and set the Treasury Management and Investment Strategy for the financial year ahead as part of the annual budget papers in February of each year.

[Reserves Strategy](#). Every year the Authority's Reserve Strategy is reviewed and updated to ensure that it remains relevant and appropriate. There are five earmarked reserves, with by far the largest being the

Infrastructure Reserve, which is used to help fund the Authority's Capital Programme and large one-off IT investments. In challenging financial times, it is prudent to maintain an appropriate level of reserves which will help bridge the gap of any shortfall in the annual budget.

Information about the Authority's reserves is also provided in the external auditor's [annual report](#) for 2022-23.

Provide annual reports on our progress in delivering our plans.

We provide an annual update on our [performance](#) to the Authority in July each year.

A Mid-year [treasury](#) management and investment update is also presented to the Audit and Governance committee, alongside the treasury activity undertaken and the extent of compliance with the agreed prudential indicators.

We also provide updates against the [Medium Term Financial Plan](#) and present an end of [financial](#) year budget outturn report. (The report for 2023/24 is due to be presented to the Authority in June 2024.)

Identify and manage as far as practical, the key risks and threats to the achievement of our objectives.

The Authority maintains a [corporate risk register](#). Twice yearly updates on the corporate risk register are taken to the Authority's Audit and Governance Committee (the latest update in 2023/24 was in January 2024). The corporate risk register is kept under regular review, updated as required and key stakeholders kept informed. In the most recent review it was decided to amend our approach to the management of the Corporate Risk Register after considering methods used in other organisations, consulting with the Institute of Risk Management and liaising with our External Auditors. We have separated our risks into the top strategic risks and other significant corporate risks relating to internally identified risks and those identified through the [Community Risk Management Plan](#). This new approach (including a review of the Integrated Risk Framework, Policies and procedures) was approved by Members at the April 2024 Audit and Governance committee meeting for implementation in 2024/25.

In relation to operational (as opposed to corporate) risk, the Authority also publishes a [risk profile for Kent and Medway](#) which is an analysis of risk within the county and how this relates to demand for the Authority's services. We have a mature risk assessment process which draws in data from a variety of internal databases and external sources, including the [Kent Community Risk Register](#). A revised risk profile document will be incorporated into the new Corporate Risk Management Plan 2024/25.

Information security remains a key issue for the Authority. With an increase in collaborative working with other public authorities, as well as an increase in cyber-attacks such as ransomware, phishing and denial of access on public agencies in the UK, has heightened the potential risks. All staff have undertaken compulsory data protection and security training, although this has been refreshed this year, and additional controls have been introduced to limit the risk of unwanted exposure. We operate high levels of protection and security and regularly review and test these.

The last [internal audit review](#) of information governance within the Authority, recorded the assurance level as 'Substantial', confirming that internal control, governance and management of risk are sound overall and that the arrangements to secure governance, risk management and internal controls are largely suitably designed and applied effectively.

In relation to information governance, data protection impact assessments are regularly completed for identified high risk areas in line with Article 35 of the UK GDPR and the European Guidelines on EU GDPR. We have a suite of current and up to date privacy notices freely available on the website.

Ensure that our objectives are deliverable and sustainable with the resources available.

Value for money. As part of the annual audit of the financial statements, Grant Thornton, the Authority's External Auditors, are required to give a separate opinion on [Value for Money](#) which focusses on ascertaining if the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Due to a national auditor resource issue, the accounts for the [2021/22 financial year](#) were not signed off until 27 November 2023 and the 2022/23 accounts were formally signed off on the 28 March 2024. The opinion and Auditors final report was presented in the Auditors Annual Report at the January 2024 and [April 2024](#) Audit and Governance Committee, respectively.

[For the 2022/23 financial year](#) the External Auditors report highlighted that there was no significant weakness identified in any of the three reporting criteria, although it does make comment on the Authority's need to continue to develop a robust savings plan for longterm financial sustainability. This was reported to the Authority on 20 February 2024.

Our 2022 inspection by HMICFRS was undertaken over a period of six weeks and provided an exhaustive and robust external validation and accreditation of the effectiveness and efficiency of KFRS and the results of the inspection were published in January 2023. We were judged by HMICFRS as 'Outstanding' in the pillar around 'Efficiency' (how we spend public money and use resources) and 'Good' in the two pillars of 'Effective

emergency response' and 'People.' Among the findings presented by HMICFRS is that KFRS is judged to be “Outstanding in the way that it uses its resources and manages its budgets to provide an efficient fire and rescue service for the public.” The next HMICFRS inspection is due to take place early in 2025.

Balance social, economic and environmental impacts in our decision making.

In February 2022, the Fire Authority approved the [Social Value Policy](#). This policy sets out the Authority’s commitment to ensuring that the principles of the Public Services (Social Value) Act 2012 are applied in a way that enables the Authority to maximise economic, social and environmental benefits for our communities in Kent and Medway from our work.

The Social Value Act requires public bodies to consider opportunities for social value when procuring all goods and services. Social value can be defined as increasing the social, economic and environmental wellbeing of the people we serve. It aims to move beyond making decisions based on financial cost or price alone. Instead, it advocates seeking ‘value for money’ in its widest sense by considering potential social benefits (involving people, culture and interactions), economic benefits (such as money flow and financial resources) and environmental benefits (involving the place in which people live, the planet and use of resources). Our [Modern Slavery and Transparency in Supply Chains](#) Statement 2022/23 recognises our commitment to social value.

The Authority has pledged to make itself [carbon neutral by 2030](#). To achieve this a [Climate Action Plan](#) has been developed and along with this, the Authority has established a ‘Climate Action Forum’. The purpose of this group is to introduce and develop ideas to drive change and achieve our carbon neutral goal which includes a vision of a ‘paper free’ working environment and improved energy efficiency within our buildings and our vehicles. We already benefit from the installation of solar panels at many of our buildings and have purchased 49 Self charging Hybrid pool vehicles. We will continue to consider, where appropriate to do so, more eco-friendly products as they become available, but since the majority of our carbon reduction will come from changing our front-line fleet, to a more eco-friendly fuel, which given the potential cost of these alternative options is significant, achieving carbon neutrality by 2030 is highly unlikely. But vehicle utilisation and working patterns continue to be monitored to ensure we obtain best use of our vehicles and limit mileage as much as possible. The Corporate Management Board regularly reviews the availability of grants that could assist us in achieving our goals.

As part of our Climate Action Plan, we have acquired a Fire and Rescue Service bespoke interactive environmental training module that takes the learner through an ideal ‘green’ fire station. This has been developed in line with Environment Agency guidance and endorsed by the NFCC and the Fire Brigade Union.

	<p>A memorial garden and the provision of bird and bat boxes have also been created around our premises by our internal Climate Action Forum members.</p>
<p>Principle D Determining the interventions necessary to optimize the achievement of the intended outcomes.</p>	<p>Ensure Members receive accurate and timely information for relevant decisions.</p> <p>The Fire Authority normally meets three times per year (February, June / July and October), as does the Audit and Governance Committee (April, September and December/January). In accordance with the Scheme of Delegation of Powers to the Chief Executive all relevant items for decision are taken to the appropriate and relevant committee for scrutiny and approval and the minutes of each meeting are available to the public.</p> <p>Consider any feedback from customers in assessing options for service change.</p> <p>The Safety and Wellbeing Plan was the Authority's public consultation document at the end of 2022, although we did consult on potential risks faced by the organisation in the medium term, at the end of 2023. Following the consultation, feedback is collated and considered before determining proposals for the future. Responses to the proposals in the plan are then analysed and then presented to the Fire Authority.</p> <p>Put in place a robust planning process that matches outcomes with needs, resources and capacity.</p> <p>Reviews are undertaken to evaluate progress against the plans.</p> <p>Home Fire Safety visits – 24,000 Home Fire Safety visits and 11,000 Safe and Well visits were completed within the year by stations, the HFSV Task Force and Safe and Well Team. For the 2024/25 year we have a target of 15,000 home fire safety visits and 10,000 safe and well visits in order to ensure we reach the people most at risk across Kent and Medway.</p> <p>Produce a sustainable budget and financial plan to support our plans and objectives over the medium term.</p> <p>Medium Term Financial Plan. Our approach to budgeting is sustainable and business-led and is detailed in a document called the Medium-Term Financial Plan. The current document covers the four-year period from 2024/25 to 2027/28 and underpins the Customer Safety Plan and provides an update on the work of the service and our future plans. In addition, we publish a ten-year capital strategy which presents an outline of the long-term capital investment planned for the Authority.</p>

Establish a set of robust and challenging performance indicators against which to measure our achievements.

In relation to operational performance, annual updates are taken to the [Fire Authority](#).

Consider the use of collaborative or partnership working as a means of delivering services where a strong business case exists and services can be improved.

Partnership working is a key feature of how the Authority operates and we continue to develop strong and lasting working relationships with Kent Police, SECamb, other fire and rescue services, local authorities, NHS clinical commissioning groups, and many other agencies. The hosting of the Kent Resilience Forum by the Authority and the associated input of our colleagues into the Forum's covid-19 response and recovery groups has been fundamental to the positive impact of the Forum on the Kent response to the pandemic.

The Authority is working with three other Fire Authorities in a Networked Fire Services Partnership (NFSP) project, to provide a collaborative approach to the provision of fire control services.

<p>Principle E Developing the entity's capacity, including the capability of its leadership and the individuals within it.</p>	<p>Regularly review the Authority's activities and processes, to ensure they remain effective and fit for purpose.</p> <p>As set out in our Response and Resilience Strategy 2021 to 2025, we actively seek opportunities to improve what we do against clear standards. We are committed to learning from the experiences of our customers, partners, and colleagues. We will continue to embed a culture of learning that allows us to deal with new situations and problems. This drives innovation and allows us to become more skilled and experienced. We proactively seek out feedback and use our assurance processes to measure the effectiveness of changes we make.</p> <p>Engagement with the Fire Standards Board. Since the introduction of the Fire Standards Board, the Authority has been an active and engaged participant in the development of the new fire standards which were launched in April 2023. The Authority has a strategic approach to communications and engagement with clear principles about how the organisation will effectively communicate with its audiences whilst being mindful of organisational goals of the service and its Core Code of Ethics. These behaviours and principles align to those included in the National Fire Chiefs Council (NFCC) Leadership Framework to ensure all staff understand their responsibilities whilst maintaining a robust Emergency Preparedness and Resilience Fire Standard.</p> <p>Develop a workforce plan that ensures sufficient staff with the necessary skills and knowledge are in place when needed.</p> <p>Our People Strategy 2021-25 was approved by the Fire Authority in July 2021. This sets out how we aim to improve organisational performance by ensuring that everyone has the right skills, capabilities and involvement to make life safer for the people of Kent. Delivery of this plan will ensure that the highest standards of leadership and management are in place to sustain a motivated and engaged workforce. Our Trainee Pathway provides a new approach and philosophy to training wholetime and on-call firefighters which does not extensively tie up training resources but provides trainee firefighters with carefully managed operational exposure within the early weeks of their training.</p> <p>We believe our 'Everyone Together' approach assists in an organisational culture which truly embraces the diversity and individuality of people and the need for inclusiveness. The Authority was awarded 'Good' for its People in the HMICFRS inspection that took place in the summer of 2022.</p> <p>The Integrated learning and Assurance model (ILAM) is continuing to evolve under the ILAM framework and provides the following benefits: -</p> <ul style="list-style-type: none"> • Assurances that we have an effective, assertive and safe operational workforce. One that has been tested as competent, to respond on behalf of KFRS to the wide range of incidents we attend.
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- For KFRS colleagues this brings together all the personal development, preparation and activity the service must complete to assure ourselves we are maintaining the high levels of incident response standards, as well as meeting our responsibilities under the Fire and Rescue Services Act 2004 section 7.2

Institution of Fire Engineers (IFE) – we obtained membership to the IFE three years ago to provide operational colleagues with a professional accreditation. At the end of 2023 we had 3 fellow members, 18 members, 23 Graduate members, 63 technicians and 16 Associate members. We are the first Fire Service to have its continuing training programme (SBT) accredited by the IFE to allow colleagues who have completed their FirePro assessment to claim Technician (TIFireE) membership. We are encouraging all operational colleagues to obtain membership.

Put in place arrangements for managing the relationship between Members and officers, including clear written delegations to officers.

[Scheme of Delegation of Powers to the Chief Executive](#). This sets out those decisions which can only be taken by the Authority or one of its committees (i.e. by Members of the Authority), and those which can be taken by the Chief Executive or other officers.

[Convention on Member and Officer relationships](#). This deals with the working relationships between Members (both as individuals and collectively within their political groups) and the officers (i.e. paid staff) of the Authority.

Monitor and manage the performance of Members and officers in their roles.

[Code of Conduct for Members of the Fire Authority](#). There is a requirement for all Members of the Authority to conduct themselves, when undertaking the business of the Authority, in accordance with our values and ethics. The Code of Conduct also contains the mechanism by which inappropriate or unethical behaviour can be reported and investigated.

We publish an annual report on [Members' standards, allowances and travel expenses](#).

[Code of Ethical Conduct](#). In 2021 the Authority wrote a Code of Ethical Conduct and all colleagues were asked to sign the document. This sets out the Authority's values and commitment to fairness and equality. We have also reviewed the recommendations made by the HMICFRS in their [Values and Culture in Fire and Rescue Services Report](#) in March 2023. In our 2024 review, we have completed all 20 of the recommendations assigned to us as Kent Fire and Rescue Service, together with one national recommendation. Our progress will be reviewed annually, the next review to take place in March 2025.

	<p>The following policies have been reviewed and updated: - Resolving Working Relationship Concerns and Grievance Policy and Bullying and Harassment Policy.</p> <p>Support officers in managing their health and wellbeing.</p> <p>The health and wellbeing of colleagues (including our volunteers) is taken very seriously by the Authority. To support colleagues' health and wellbeing, we have introduced the following support services within the 'You Matter- Health and Wellbeing Zone':</p> <ul style="list-style-type: none"> • A free, 24/7 employee assistance programme. This is a service that helps colleagues who are otherwise struggling to cope to deal with personal problems that might adversely impact their work performance, health and mental and physical wellbeing. • 24/7 out of hours Wellbeing support through Welfare Support Officers • Defusing Tracker for post incident • Wellbeing Champions/Allies network • LGBT Network of models and allies • Flexible Rostering for operational crews • A new approach and training for complex lifts to limit back injuries • Online guidance for nutrition and physical fitness • Mental Health and Wellbeing Courses including Men's Talk club • Wellbeing Self-Assessment Tool • A Wellbeing Room at our Service Headquarters • The HSF (Hospital Saturday Fund) Health Plan • Use of screen readers
<p>Principle F Managing risks and performance through robust internal control and strong public financial management.</p>	<p>Ensure risks are identified and managed effectively.</p> <p>The Authority maintains a corporate risk register. Twice yearly updates on the corporate risk register are taken to the Authority's Audit and Governance Committee (January and April 2024). The corporate risk register is kept under regular review, updated as required and key stakeholders kept informed. In the most recent review it was decided to amend our approach to the management of the Corporate Risk Register after considering methods used in other organisations, consulting with the Institute of Risk Management and liaising with our External Auditors. We have separated our risks into the top strategic risks and other significant corporate risks relating to internally identified risks and those identified through the Community Risk Management Plan. This new approach (including a review of the Integrated Risk Framework, Policies and procedures) was approved by Members at the April 2024 Audit and Governance committee meeting.</p>

The [medium-term financial planning](#) that drives the annual budget process is supported by effective risk management and quality supporting data.

The Authority has a suite of policies to assist with the management of corporate risks. These include the Financial Management Policy, which sets out the approach to having in place proper management and accounting arrangements to ensure the efficient use of resources and to maintain sufficient records to comply with current regulations and legislation. There is also the Exchequer Policy, which commits the Authority to make arrangements for the proper administration of its financial affairs and have in place proper management and accounting arrangements to ensure the efficient use of resources and to maintain sufficient records to comply with current regulations and legislation.

The Authority has an established Audit and Governance Committee, the purpose of which is to provide independent assurance to the Authority of the adequacy of the risk management framework and the internal control environment. Meeting three times per year, it provides an independent review of the Authority's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It also oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Publish regular reports on performance and progress in delivering our objectives.

An annual performance update covering all aspects of service activity are taken to the meetings of the [Fire Authority](#).

In relation to finance, regular budget monitoring reports are also presented to the meetings of the Fire Authority.

External Audit - The Authority is statutorily obliged to have a yearly audit conducted by an external audit firm. Grant Thornton were re-appointed as the Authority's auditor in 2023/24 by the [Public Sector Audit Appointments](#) and is fulfilling this role for the next five years. The annual audit report by the external auditor is made publicly available on our website. The annual report for the 2022/23 financial year was signed off by the External Auditors on 28 March 2024 and an opinion of 'unqualified' was reported to Members at the April 2024 Authority meeting. This is supported by the External Auditors [Annual Audit Risk Assessment](#). Due to a number of factors, such as a constraint on auditor availability and pension related issues, the 2021/22 financial accounts were only signed off on 27 November 23.

Internal audit. The Accounts and Audit Regulations 2015 require the Authority to maintain an adequate and effective Internal Audit process and, as such, this is provided by Kent County Council under a service level agreement. Each year the Head of Internal Audit brings an [annual](#) report and a [mid-year progress report](#), to the Audit and Governance committee meetings. The annual report for the 2023/24 financial year was presented by the Internal Auditors at the April 2024 Audit and Governance Committee with an opinion of 'Substantial'.

Encourage robust challenge and engagement in developing our plans and objectives.

The Authority publishes a consultation document called the [Safety and Wellbeing Plan](#). The purpose of this is to inform the public about changes we intend to make or would like the public's views on before we make them. Proposals for changes are drawn up and consulted upon with colleague's members of the public, businesses and community groups.

The feedback that is received from the public is then analysed and reported to the [Fire Authority](#) and, where relevant, acted upon.

Objectively assess the outcomes of plans and policies and address any deficiencies.

We monitor the delivery of each corporate strategy, produce annual performance information to the Authority and the Corporate Management Board regularly review the 'balanced scorecard,' drawing from all the strategies and other measures we use. This is used to give assurance to all that we are delivering what we promise in this plan.

A robust process is in place for the oversight and management of the Authority's suite of corporate policies. This ensures that policies are kept up-to-date and relevant. In addition to this, updates on new or revised policies are taken into the [Fire Authority](#) for information or approval.

Ensure data, including personal data held, is secured, used and shared in accordance with the law and good practice.

Our rigorous approach to data protection and commitment to processing personal data in line with the requirements of the UK GDPR and the Data Protection Act 2018 is set out in the Authority's [Data Protection](#)

	<p>and Information Security Policy. It also sets out the process by which data incidents are recorded and investigated and, where appropriate, reported.</p> <p>All reported data incidents are investigated, logged and recorded as part of performance monitoring.</p> <p>In line with the requirements of the Freedom of Information Act 2000, the Authority publishes a Publication and Retention Scheme. This sets out the classes of information held and the duration (retention period) for which information will be kept.</p> <p>The internal audit of information governance within the Authority recorded the assurance level as ‘Substantial,’ confirming that internal control, governance and management of risk are sound overall and that the arrangements to secure governance, risk management and internal controls are largely suitably designed and applied effectively.</p> <p>Ensure that financial resources are protected and used effectively including arrangements to prevent fraud and corruption.</p> <p>The Authority has safe and efficient arrangements to safeguard public money. It operates robust anti-fraud and anti-money laundering controls allied to a strong anti-fraud culture. These are realised in the following suite of anti-fraud and anti-corruption policies: Anti-Bribery Policy; Anti-Fraud and Corruption Policy; Anti-Money Laundering Policy; Gifts and Hospitality Policy; and the Risk Financing and Insurance Policy. An Anti-fraud and corruption Framework and action plan are presented to Members of the Audit & Governance Committee bi-annually.</p>
<p>Principle G Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.</p>	<p>Operate an effective audit and review function that provides assurance on the effectiveness of controls and ensure that recommendations are implemented promptly.</p> <p><u>External Audit.</u> The Authority is statutorily obliged to have a yearly audit conducted by an external audit firm. Grant Thornton was appointed the Authority’s auditor in 2023/24 by the Public Sector Audit Appointments and is fulfilling this role for the next five years</p> <p><u>Internal audit.</u> The Accounts and Audit Regulations 2015 require the Authority to maintain an adequate and effective Internal Audit process and, as such, this is provided by Kent County Council under a service level agreement. Each year the Head of Internal Audit brings an annual report and a mid-year progress report, to the Audit and Governance meetings. Based on the outcomes of internal audits, action plans will be developed where appropriate and follow up audits are undertaken to review progress against any issues identified. This is reflective of our commitment to a culture of continuous improvement and transparency in our activities.</p>

Publish statutory and commonly requested information on our website and put in place arrangements to enable easy access to other information requested.

[Making information publicly available on our website](#). In line with the requirements of Local Government Transparency Code 2015 and the Trade Union (Facility Time Publication Requirements) Regulations 2017, we publish a comprehensive and detailed range of information on our website. This covers information including monthly spend reports, register of suppliers, and senior officers' pay.

As per the requirements of the Freedom of Information Act 2000, the Authority publishes a [Publication and Retention Scheme](#). This sets out the classes of information held and the duration (retention period) for which information will be kept.

Encourage partners to adopt high standards of governance and transparency in their dealings with us.

[Modern Slavery Policy](#). This sets out our commitment to ensure modern slavery is not taking place anywhere in our own business, in any of our supply chains and to be sufficiently trained to identify risks when performing our front-line services. Part of the requirements of the Modern Slavery Policy is the publication of a Transparency in Supply Chains Statement. The statement demonstrates the work the Authority has, and will, continue to undertake to eradicate modern slavery in its supply arrangements.

[Transparency in Supply Chains Statement](#). In accordance with the Modern Slavery Act 2015, we are committed to respecting, protecting, and championing the human rights of all who come into contact with our service, including our employees, supply chain workers, customers and local communities. We have zero tolerance of modern slavery, and it is therefore totally unacceptable in our organisation and supply chains. We welcome the increasing momentum towards mandatory human-rights due diligence and are therefore fully committed to supporting the government tackle modern slavery, which is an important element of our approach to delivering our Service. Our Transparency in Supply Chains Statement reflects our commitment to this.

[Equality in Procurement at Kent Fire and Rescue Service](#). In response to the Equality Act 2010 and our own values in promoting equality in everything we do; we want people who work with us to also demonstrate the same commitment to fairness and equality. To this end we have a formalised approach to Equality in Procurement at Kent Fire and Rescue Service. We consider it necessary for organisations who intend to supply goods, works or services to us or on our behalf to demonstrate that reasonably practicable steps have been taken to allow equal access and treatment in employment and services for all and can give evidence of their approach to meeting the requirements of the law.

Publish an annual assessment of our governance arrangements and plans to improve it.

In line with the requirements of [Section 6 of the Accounts and Audit Regulations 2015](#), the Authority publishes an [Annual Governance Statement](#) (this document). This is an annual review of the systems of internal control along with an assessment of their effectiveness.

Good governance is key to the Authority and it is committed to applying the principles of good governance as set out in the '[Delivering Good Governance in Local Government Framework 2016](#)'. This ensures that the services provided to the people of Kent and Medway are delivered efficiently, effectively and fairly, that public money is used wisely, is properly accounted for and achieves optimum value for money.

Transparency in the operations of the Authority

[Meetings of the Fire Authority and Audit and Governance committee are open to the public](#) and agenda packs, reports and minutes are made publicly available. This ensures that we are fully transparent in our decision making and operations.

In line with the requirements of Local Government Transparency Code 2015 and the Trade Union (Facility Time Publication Requirements) Regulations 2017, we publish a comprehensive and detailed range of [information on our website](#). This covers information including monthly spend reports, register of suppliers, and senior officers' pay.

To ensure that we remain compliant with the requirements of these two pieces of legislation, an annual review is undertaken and based on this, amendments made as required.

As per the requirements of the Freedom of Information Act 2000, the Authority publishes a [Publication and Retention Scheme](#). This sets out the classes of information held and the duration (retention period) for which information will be kept.

[Pay Policy Statement](#). The Localism Act 2011 requires the Authority to publish a Pay Policy Statement for each financial year. The Pay Policy Statement describes the arrangements in place for setting and amending the pay of its employees and reports on the ratio between higher and lower earning staff.

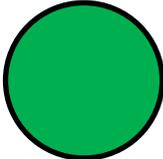
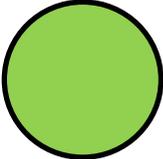
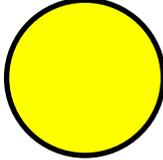
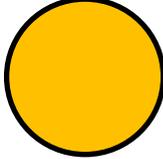
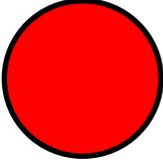
Joint Statement by the Chair of Audit and Governance and the Chief Executive

We acknowledge our responsibility for ensuring the proper governance of the Authority's affairs and will ensure that sufficient resources are dedicated to ensuring that key controls and processes are implemented, maintained, and monitored for effectiveness. We confirm that this Statement represents an honest and full assessment of the levels of assurance we have obtained following the assessment process as described above.

Vince Maple
Chair Audit and Governance
Kent and Medway Fire and Rescue Authority

Ann Millington
Chief Executive
Kent and Medway Fire and Rescue Authority

Date: 6 November 2024

Assurance level	Definition of assurance levels
High 	<p>Internal control, Governance and the management of risk are at a high standard. The arrangements to secure governance, risk management and internal controls are extremely well designed and applied effectively. Processes are robust and well-established. There is a sound system of control operating effectively and consistently applied to achieve service/system objectives. There are examples of best practice. No significant weaknesses have been identified.</p>
Substantial 	<p>Internal Control, Governance and management of risk are sound overall. The arrangements to secure governance, risk management and internal controls are largely suitably designed and applied effectively. Whilst there is a largely sound system of controls there are few matters requiring attention. These do not have a significant impact on residual risk exposure but need to be addressed within a reasonable timescale.</p>
Adequate 	<p>Internal control, Governance and management of risk is adequate overall however, there were areas of concern identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk. There are some significant matters that require management attention with moderate impact on residual risk exposure until resolved.</p>
Limited 	<p>Internal Control, Governance and the management of risk are inadequate and result in an unacceptable level of residual risk. Effective controls are not in place to meet all the system/service objectives and/or controls are not being consistently applied. Certain weaknesses require immediate management attention as there is a high risk that objectives will not be achieved.</p>
No Assurance 	<p>Internal Control, Governance and management of risk is poor. For many risk areas there are significant gaps in the procedures and controls. Due to the absence of effective controls and procedures no reliance can be placed on their operation. Immediate action is required to address the whole control framework before serious issues are realised in this area with high impact on residual risk exposure until resolved.</p>