

# Table of Contents

Table of Contents	1
Audited annual statement of accounts 2020-21	2
Statement of Accounts 2020/21	2
Narrative report	3
Revenue Budget and Expenditure	3
Introduction	4
Accounting statements	5
The Comprehensive Income and Expenditure Statement	5
The Movement in Reserves Statement (MIRS)	5
The Balance Sheet	5
The Cash Flow Statement	5
The Firefighters' Pension Fund Account	5
Revenue Budget Outturn 2020/21	6
Where the money comes from	6
Grant Income	7
Provisions and revenue reserves	8
Provisions	8
Revenue Reserves	8
Capital Budget and Expenditure	9
Borrowing and Capital Reserves	10
Treasury Activity	11
Financial Climate and Impact on Services	12
Financial Settlement and Budget for 2021/22	12
Safety and Wellbeing Plan	12
Future Issues	13
Changes to Building Safety	13
Funding	13
Covid-19	13
The Electronic Communications Code	14
Pension Assets and Liabilities	15
The Development and Performance of the Authority in 2020/21 and Financial Position at 31 March 2021	16
Budget Strategy	16
Reserves	16
Cashflows	16
The Authority's Financial and Non-Financial Performance Indicators	17
Financial Performance	17
Governance Assurance Statement	17
Transparency	17
Inspection	17
Non-financial performance	17
Asset and Fleet Strategy	18
Service Performance	18
Customer service	19
Use of Resources Summary	20
Statement of Responsibilities for the Statement of Accounts	21
The Authority's Responsibilities	21
The Director, Finance and Corporate Services' Responsibilities	21
Report Independent auditor's report to the members of Kent and Medway Towns Fire and Rescue Authority	22
Report on the Audit of the Financial Statements	22
Opinion on financial statements	22
Basis for opinion	22
Conclusions relating to going concern	22
Other information	23
Other information we are required to report on by exception under the Code of Audit Practice	23
Opinion on other matters required by the Code of Audit Practice	23
Matters on which we are required to report by exception	23
Responsibilities of the Authority, the Director of Finance and Corporate Services and Those Charged with Governance for the financial statements	23
Auditor's responsibilities for the audit of the financial statements	24
Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud	24
Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources	25
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	25
Responsibilities of the Authority	25
Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources	25
Report on other legal and regulatory requirements – Delay in certification of completion of the audit	26
Use of our report	26
Comprehensive Income and Expenditure Statement	27

## **Audited annual statement of accounts 2020-21**

# **Statement of Accounts 2020/21**

These financial statements replace the unaudited financial statements certified on 21 May 2021 and are certified by the Director, Finance and Corporate Services, as presenting a true and fair view of the financial position of the Kent and Medway Towns Fire Authority at 31 March 2021 and the Authority's income and expenditure for 2020/21.

**Alison Kilpatrick**

Director of Finance and Corporate Services

29 September 2021

# Narrative report

## Revenue Budget and Expenditure

The Authority's main funding sources are Council Tax, Non-Domestic Rate income and various Government grants which are used to fund the Authority's revenue budget. To ensure that the revenue budget is sustainable over the medium term, the Authority agreed to increase Council Tax by 1.97%, resulting in an annual increase in a Band D property of £1.53 making a Band D Council Tax £79.29 per annum. Local taxation (Council Tax and Non-Domestic Rate income), including the Authority's share of the surplus on Collection Funds, increased the Authority's funding for 2020/21 by £2,028k. Government Grants (Revenue Support Grant and Non-Domestic Rates Top-up Grant) were increased by September 2019 CPI providing an additional £239k of funding for 2020/21. From 2020/21 the Small Business Rate Relief Grant is presented as a funding source rather than an income budget so, although it is not a new grant, the change in presentation increases the net revenue budget by £1,240k. The Authority's budget for 2020/21 was therefore increased to £74,258k, a £3,507k increase when compared to 2019/20.

As well as the pressures faced by the Authority on areas such as pay awards, inflationary prices growth and other commitments totalling £5,692k, an increase of £750k was required to the budgeted transfer to/from the General Reserve (from a £550k transfer from the reserve in 2019/20 to a £200k transfer to the reserve in 2020/21) to maintain the balance at approximately 5% of the net revenue budget, meaning savings of £2,935k were required to balance the 2020/21 revenue budget. Notably, £1,562k of the savings came from reducing the base revenue contribution set aside each year to fund large infrastructure expenditure. In addition savings of; £526k were identified by Budget Managers from within their devolved budget headings; £314k as a result of not allocating an inflationary uplift to areas of discretionary spend; £273k additional government grant income for small business rates relief and; £260k as a result of changes to pay budgets.

The revenue budget outturn for 2020/21 was an underspend of £2,837k. The summary of the revenue budget and the final outturn is shown in the table below:

# 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 2020/21.
- 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](http://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.

## **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 73-76.

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As well as the pressures faced by the Authority on areas such as pay awards, inflationary prices growth and other commitments totalling £5,692k, an increase of £750k was required to the budgeted transfer to/from the General Reserve (from a £550k transfer from the reserve in 2019/20 to a £200k transfer to the reserve in 2020/21) to maintain the balance at approximately 5% of the net revenue budget, meaning savings of £2,935k were required to balance the 2020/21 revenue budget. Notably, £1,562k of the savings came from reducing the base revenue

contribution set aside each year to fund large infrastructure expenditure. In addition savings of; £526k were identified by Budget Managers from within their devolved budget headings; £314k as a result of not allocating an inflationary uplift to areas of discretionary spend; £273k additional government grant income for small business rates relief and; £260k as a result of changes to pay budgets.

The revenue budget outturn for 2020/21 was an underspend of £2,837k. The summary of the revenue budget and the final outturn is shown in the table below:

## Revenue Budget Outturn 2020/21

Cost	Original budget £000	Revised budget £000	Outturn £000	Variance £000
<b>Service costs</b>	71,657	70,195	60,400	-9,795
<b>Direct pension costs</b>	1,889	1,889	2,141	252
<b>Capital financing costs</b>	3,382	3,382	3,195	-187
<b>Transfers from (-) / to reserves</b>	-2,670	-1,208	5,685	6,893
<b>Total</b>	74,258	74,258	71,421	-2,837

## Where the money comes from

Funded from	£000
Revenue Support Grant	6,422
Non-Domestic Rates	16,566
Council Tax	51,270
<b>Total</b>	<b>74,258</b>

A number of budget headings were underspent in the year. A summary of the most significant budget variances is detailed in the following table:

Revenue budget variances	£000
Pay, pensions and other employee costs	-2,234
Bought in services and professional fees	-186
Information Communication Technology	-116
Printing, stationery and general office expenses	-81
Protective Personal Equipment and Workwear	-52
Income	-41
Other net underspends	-127
<b>Net revenue budget underspend</b>	<b>-2,837</b>

At the end of the year £985k was transferred to the Rolling Budget Reserve to fund commitments made in 2020/21, but where the associated costs will not be incurred until after 31 March 2021. During the year £281k was transferred from this reserve to fund expenditure committed in 2019/20 but not incurred until 2020/21, making the 2020/21 net movement on the Rolling Budget Reserve £704k.

## Grant Income

Grant receipts for the year are detailed in Note 20 to the Accounts. In 2020/21 the Authority received £13,148k of revenue grants. As in previous years these grants included funding for New Dimensions and New Threats related work £1,030k, Firelink £624k and its replacement Emergency Services Mobile Communications Programme (ESMCP) £69k, small business rate relief grant of £1,371k and a grant towards the additional cost due to increased employer pension contribution rates £3,536k. The Office of the Rail Regulator paid £57k towards the cost of work carried out by the Authority for the Channel Tunnel Safety Authority, £104k was drawn down from the apprenticeship levy and £8k was received for new burdens in relation to transparency reporting.

In addition, the Authority received new one-off grant funding in 2020/21 to cover costs incurred as a result of the introduction of the Fire Safety Bill (now The Fire Safety Act 2021) following the Grenfell incident. Grant funding, totalling £619k, has been provided to the Authority to support Fire and Rescue Services in making sustained progress in implementing the recommendations from the Grenfell Tower Inquiry Phase 1 report, improving resilience for major incidents (Grenfell Infrastructure Grant), to carry out a review of all high-rise residential buildings over 18m (Building Risk Review Grant), bolster fire protection activity (Protection Uplift Grant) and support the accreditation and recognised prior learning costs of fire protection officers and fire safety engineers (Protection Accreditation Grant). The Authority also received additional ESMCP infrastructure grant totalling £250k and a grant of £97k towards the administrative costs of implementing the remedy for the McCloud/Sargeant pension case. Additionally, a grant totalling £3,175k was confirmed to compensate the Authority for lost business rates income as a result of the additional retail and hospitality reliefs granted by the Government for 2020/21. This grant is offset by a large deficit on the business rates collection fund which will be recovered from the Authority, by District Council's and Medway Council, in 2021/22.

The Authority also received additional grant funding, totalling £1,589k, to cover costs incurred as a result of Covid-19. This funding has been utilised in a variety of ways, for example covering additional staffing costs incurred by providing support to partner organisations, changes required to our estate in order to comply with Covid-19 guidelines, extra costs incurred purchasing IT hardware and software in order to facilitate better remote working. The Government also announced a support package to partly cover the irrecoverable council tax and business rate loss of income in 2020/21, whereby 75% of losses incurred (estimated at £619k) will be funded by Government Grant.

## **Provisions and revenue reserves**

### **Provisions**

There are no new provisions this year. The Authority continues to make provision for Insurance with regard to claims notified but not yet settled and general provisions, which total £395k but also for the Authority's share of amounts provided by Kent billing authorities for Non-Domestic Rates appeals of £1,070k.

### **Revenue Reserves**

At the February 2020 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 net revenue budget. In line with this requirement, the General Reserve position at 31 March 2021 has been increased by £200k to £3,710k.

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 2021, earmarked reserves had increased by £8,322k 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 2020/21 was £3,517k against a revised budget of £3,711k.

Premises works included replacements of generators, boilers and roofs. Major improvement works on the Live Fire rig at Ashford were delayed until 2021/22 (£146k), offset by some increases in expenditure on boilers and generators (- £7k). During the year nine fire engines were delivered and are now just awaiting the fitting of all cameras. Some £7k of expenditure on Mobile Data Terminals has now slipped into 2021/22 awaiting delivery of modems and aerials. Delivery of a number of vehicles were undertaken during the year including, five 9-seater minibuses, a hydrant technician's van and forty eight small vans, which between them were £5k less than budget. A delay in the delivery of the base vehicle for the Dog Van conversion has meant that £42k has now been slipped into 2021/22. The table below gives a breakdown of the net £194k underspend compared to the revised budget.

### Capital Budget Outturn 2020/21

Item	Original budget £000	Revised budget £000	Outturn £000	Variance £000
Station development programme and premises	650	418	279	139
Information and communication systems	175	51	44	7
Vehicles and equipment	7,839	3,342	3,194	48
<b>Total</b>	<b>8,664</b>	<b>3,711</b>	<b>3,517</b>	<b>-</b>
<b>Net capital budget underspend</b>				<b>-194</b>

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 2020/21. 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 £700k matured during 2020/21 so was repaid, reducing the level of outstanding debt as at 31 March 2021 to £1,425k.

The Authority received one capital receipt during the year of £12k and utilised £1,371k to fund capital expenditure so capital reserves reduced to £7,875k and were carried forward at 31 March 2021.

## Treasury Activity

In February 2020, Members agreed the Treasury Management and Investment Strategy for the forthcoming year. In 2020/21 the Authority began investing in Money Market funds to ensure the maximisation of interest earned whilst still maintaining security and liquidity. Interest rates have remained at the historically low level of 0.1%. The Authority has received a reduction in interest rates from a number of banks and has therefore seen a reduction in the average interest rate earned. During the year the Authority earned £103k of interest on cash deposits equating to an average interest rate earned of 0.21%.

The day to day cash management activity is carried out by the Kent County Council treasury team although the Authority uses the services of a Treasury Adviser for independent treasury advice.

# Financial Climate and Impact on Services

## Financial Settlement and Budget for 2021/22

The Government has stated that it will revisit the priorities for reform of the local government finance system at some point. But as a result of the Covid-19 pandemic in April 2020, it was confirmed that the move to 75% Business Rates Retention would be delayed, the Fair Funding Review would be postponed until at least 2022/23 and the proposed reset of Business Rates Baselines would no longer take place in 2021/22. Understandably, in October 2020, the Government announced that the Spending Review setting departmental budgets would only be for 2021/22. The final settlement confirmed that Government funding would be 'rolled over' from 2019/20 with a marginal uplift applied to the Revenue Support grant. Alongside the regular finance settlement, the Government announced the Covid-19 Support Package. For this Authority, the additional government support will fund 75% of irrecoverable losses relating to the collection of 2020/21 council tax and business rates as well as contributing towards the increased costs of providing local council tax support to a higher number of working-age claimants. The Authority also agreed to increase Council Tax by 1.93% in 2021/22, which was within the capped 2% referendum limit.

As no new capital grants from Government have been announced, the Authority is currently planning to fund the 2020/21 and later years' capital plan through a combination of revenue funding, reserves or capital receipts.

The Authority has an outline four year Medium Term Financial Plan (MTFP) contained within the Budget Book approved at the Authority meeting in February 2021. The MTFP was developed in conjunction with the proposals contained within the Safety and Wellbeing Plan 2020 so as to ensure that future plans are funded and sustainable.

## 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 the development of a new suite of corporate strategies and also focused on outcomes delivered for the public.

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

The Authority set up and leads the national procurement hub providing officer resource to support national procurement efforts in categories like clothing, property issues and consumables related to Covid-19. Through this hub, more than 3.5m items have been sourced responsibly under the ethos of mitigating modern slavery supply chains.

The Corporate Plan, now known as the Customer and Corporate Plan, which reflects the Authority's focus on the customer, 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 April 2018 to reflect two new outward focused strategies and six internal strategies, all of which link to the Safety and Wellbeing Plan. The new Corporate Plan for 2021/22, along with six new corporate strategies will be submitted to the July meeting of the Authority for member approval.

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/£3m 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. Consequently the Authority is planning to deliver a further £8m of savings over the next four years. 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 in a statement on 16 March 2021 entitled Police and Crime Commissioner Review: Concluding part one, stated that a consultative White Paper on fire services reform will be published later this year. The White Paper will be used to set out a reform agenda in further detail and explore the review proposals on fire governance which could include:

- Consulting on whether to mandate the transfer of fire and rescue functions to the Police, Fire and Crime Commissioner mode across England where boundaries are coterminous, unless there is an option to transfer fire governance directly to an elected Mayor.
- Consulting on how to address coterminosity challenges, including the south-west
- Legislating to create operational independence for chief fire offers and clearly separate and delineate strategic and operational planning for fire and rescue.

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 now a member of the Fire Authority, with the same voting rights as any other member.

## **Changes to Building Safety**

Following the tragic fire at Grenfell Tower, the Government commissioned an inquiry led by Sir Martin Moore-Bick. Phase one of the Grenfell Tower inquiry reported on 30 October 2019 and made a number of recommendations for Fire and Rescue Services. The Fire Safety Act has now received Royal Assent and will amend the provisions of the Fire Safety Order 2005.

## **Funding**

The Government announced that the proposal to implement the 75% Business Rate Retention Scheme in 2021/22 has been deferred, a final report setting out the full conclusions of the review into the business rates system will be published in 2021. The Fair Funding review that was to look at how money will be distributed to each Fire Authority is to be postponed until 2022/23 at the earliest. The Government intends to carry out another Spending Review during 2021, although the exact timing has still to be confirmed and it is not confirmed as to whether it will be another one year settlement or a multi-year settlement as preferred by many, as its aids stability in funding.

## **Covid-19**

The Authority's well-rehearsed business continuity plans were put into action with the onset of the Covid-19 pandemic. The IT infrastructure supported a seamless transition for many corporate support staff to work from home. Our on-going good relationship with SECAmb meant we were able to offer support early on by assisting in the delivery of Personal Protection Equipment (PPE) within and across four counties, training a number of our staff to drive ambulances, wherever possible utilising our on-call staff who have lost primary jobs as first volunteers. We were involved in moving some vaccine stocks from Doctor's surgeries, where it was in danger of going out of date to mass vaccination centres so the vaccine was used and not wasted, and have also been involved in the creation of a vaccination centre in Chatham.

Back in March 2020 we made contact with Age UK and other similar charities and offered our help, and also provided support to our local Kent Districts, Medway and Kent County Council. This led to food delivery, prescription delivery, supporting food banks and telephoning and befriending vulnerable people very early on in the crisis.

We have continued to support the Local Resilience Forum (LRF) which co-ordinated the emergency PPE deliveries from the Ministry of Housing, Communities and Local Government for social care as well as assisting with the identification of PPE supply opportunities to Kent partners which helped other smaller agencies within Kent.

Some colleagues were realigned to supporting frontline activities with partner agencies, which provided additional help and support across the county to communities in need. We reviewed our current projects and prioritised those essential projects that needed to be progressed and deferred those that could wait until resources were available to deliver them. Our capital programme is fully funded from earmarked reserves without the need to

borrow, so the Authority had the flexibility to defer the planned replacement of a number of the light vehicle fleet which originally would have been replaced during 2020/21. The impact of Covid-19 lockdown resulted in a number of suppliers closing for a large part of the year, consequently the purchase of a number of vehicles was deferred until 2021/22.

Our core funding is derived from Council Tax and Business Rates precepts collected on our behalf by the Local District Councils and Medway. We are aware that Kent Districts have seen an impact on cash collection for these income streams and as a consequence closer cashflow monitoring has been key for all concerned.

Whilst the long term economic impact of Covid-19 is unknown, the Authority has commenced some scenario modelling on the potential impact on the Council Tax base for the number of households from which full Council Tax can be collected, to understand how this may affect the Authority's core funding in the immediate future. In the short term any unexpected shortfall in funding could be met from reserves whilst a longer term review is undertaken to ascertain how any shortfall in funding would be contained. Likewise the long-term impact on the properties from which Business Rates is collected needs also to be considered going forward.

The Pandemic has meant the vast majority of corporate staff have worked from home since 23 March 2020. Whilst this has brought some challenges, as would be expected, it has worked well and as such it will impact the way the organisation plans to work in the future. Discussions are underway with colleagues as to how the future working environment will look and feel, as a more flexible approach to work will be adopted. Plans are currently being developed to reconfigure some parts of the estate whilst improving other areas, particularly at stations and Headquarters and colleagues will be encouraged to be flexible in their considering their work base.

### **The Electronic Communications Code**

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 recently issued, with the objective of 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 has responded to the consultation and awaits the outcome of the consultation and review.

## **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 true net pension liability of £1,026,856k on the Balance Sheet has led to an overall negative balance of £874,634k.

The net pension liability for 2020/21 for firefighter pension schemes has increased by £190,462k to £981,088k. 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 full valuation for 2020/21. Changes to the financial assumptions included a reduction in the discount rate and an increase in the expectation of future inflationary pressures, resulting in an overall increase to 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 £190,882k in 2020/21 compared to (£116,020k) in 2019/20.

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

# The Development and Performance of the Authority in 2020/21 and Financial Position at 31 March 2021

## Budget Strategy

The Authority's budget for 2020/21 reflected the ongoing implementation of decisions made in the Safety and Wellbeing Plan. 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 and 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.

Firefighter levels over the last two years and forecast levels into the future are now requiring more regular recruitment to whole-time firefighter posts. Further courses are planned for the future, albeit that the approach to the delivery of training will become more modular over time, moving away from the more costly long term residential training courses. In all areas of staffing, this Authority endeavours to achieve savings without the need for compulsory redundancies, wherever possible to do so. The recruitment of on-call firefighters however, continues to be difficult, so the Authority continues to explore and find more innovative and flexible ways of using the existing resources.

## 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 £3,710k in General Reserves as at the 31 March 2021, which equates to approximately 5% of the net revenue budget.

At 31 March 2021 the Authority's earmarked reserves are healthy, with a balance of £38,221k. The year-end balance includes government funding to be used in 2021/22 to offset the Collection Fund deficit which has arisen due to the expanded business rates relief granted by the Government to businesses in the hospitality and leisure sectors in 2020/21 (£3,175k). The balance also includes a government grant (£619k for this Authority) which has been provided to authorities to cover 75% of the 2020/21 irrecoverable council tax and business rates losses which are to be spread over the 2021/22, 2022/23 and 2023/24 financial years in the Collection Funds. Details of the balances in each reserve and 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 increased by £7,492k 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 2021 cash, deposits and investments totalled £48,122k. This comprises of £41,931k which represents the money set aside in general and earmarked reserves, £7,875k of unused capital receipts less £1,684k being the net of other assets and liabilities at the end of the financial year.

Over the next four years £1.425m of the Authority's loans 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 Findings Report for 2019/20 was reported to the Authority meeting in October 2020. The report confirmed that the Authority has a history of sound financial management with a strong financial planning framework and sound arrangements for developing, updating and implementing its Medium Term Financial Plan (MTFP). The Authority has a significant medium term capital programme, with an adequate level of reserves to address unforeseen risks and support future spending plans. Reporting of financial planning information to Members is comprehensive and transparent, with early scene-setting information provided ahead of the annual budget process. Integrated reporting of the annual budget with the Medium Term Financial Plan (MTFP) is provided with a detailed analysis of both the annual budget and future planning information in order to achieve the service priorities.

The Authority's external auditors, Grant Thornton, issued their Independent Auditor's Report on the 2019/20 accounts on 13 November 2020. The Auditor confirmed that an unqualified opinion had been issued on the 2019/20 accounts and had included an Emphasis of Matter in relation to the effects of the Covid-19 pandemic on the valuation of land and buildings and the Authority's share of the pension fund's property investments as at 31 March 2020.

## 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 and also how it meets the requirements of the National Framework for Fire and Rescue Services. This Governance Statement also includes an assessment on Operational Assurance.

## 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. 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 how well the service looks after its staff.

On 20 June 2019 HMICFRS published the results of our first inspection. This rated Kent Fire and Rescue Service as 'Good' across the three inspection pillars of Effectiveness, Efficiency and People. Of the 45 Fire and Rescue Services inspected during 2018/19, the Authority is one of only 16 to have been awarded 'Good' in all three pillars.

The second round of inspections was due to take place for KFRS in late September / October 2020. However, due to the Covid-19 pandemic, the planned inspection activity was postponed and instead a Covid-19 themed inspection took place in early September. This differed from a normal inspection by being run remotely and was not scored or rated. Key members of the Authority were interviewed online and Covid-19 specific data was gathered and submitted, as well as a self-assessment of our plans and response to the pandemic. The results of this themed inspection were published on Friday 22 January 2021 in the form of a letter as opposed to the usual detailed and scored report, a copy of the letter can be found on the HMICFRS website. The letter confirmed that the Authority had adapted well in responding to impact of the pandemic and that there was a constructive relationship across the service which enabled the service to move quickly to provide a new range of support outside of core activities.

## Non-financial performance

## **Asset and Fleet Strategy**

The Asset and Fleet strategy is one of eight strategies agreed by the Authority in support of its Customer and Corporate Plan 2018-22. It sets out how the Authority aims to protect the environment of Kent and Medway in terms of 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.

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, replace windows and appliance bay doors, all of which will improve insulation.

As part of our commitment to reducing our CO2 emissions we recently committed to developing 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 12 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 a saving of £60k on our vehicle insurance premiums as well as a more effective insurance claims process. Better management information is now being obtained about our fleet, including improving driving styles in order to reduce fuel consumption and the associated environmental impact and to enable us to make informed decisions about the size of our fleet, based upon overall usage data.

## **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 4,439 fires in 2020/21 (4,141 in 2019/20) which was higher than the performance in 2019/20, however it was consistent with the level in the previous two years. The three-year average outturn for the 2018-21 period is 4,326 fires, which is higher than the target of 4,091. The higher levels of fires can be attributed to outdoor fires and rubbish fires, both of which were high as a result of the prolonged period of dry weather and significantly lower levels of rainfall.

Accidental dwelling fires (ADFs) accounted for 20% of all the accidental fires attended in 2020/21. Historically, the Authority has performed very well in this area and has been amongst the top performers nationally for more than ten consecutive years. In 2020/21 545 incidents were attended which is higher than the levels seen in the previous two years (+20) but was still lower than the target. The three year average performance for the medium term period (2018-21) was 531 which is 2.9% better than the target of 547.

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 2020/21 the Authority attended 673 RTCs which is 291 fewer than in 2019/20. A reduction in RTCs was seen in each month in 2020/21 compared to the previous year which includes a large reduction during the lockdown periods; the months of April and May had only a third of the expected levels of activity for those months and November and January had half the expected levels. The Authority continues to work with its partners to promote road safety across the county.

A large 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 2020/21 the Authority attended 2,266 of these incidents which is lower than the amount attended in the previous year (4,496).

The Authority's response times to life-threatening incidents has not changed significantly compared to previous

years. In 2020/21 72.7% of life-threatening incidents were reached within 10 minutes and 83.9% within 12 minutes. Overall performance is higher than the targets set for these indicators; 71% and 82% respectively.

In addition to responding to emergency calls, the Authority carries out a number of activities to support our customers and business safety. Despite Covid-19 restrictions in 2020/21, the Authority's Customer Safety teams have still delivered 8,412 Safe and Well Visits to customers across the County. In addition to these visits some 1,287 telephone assessments have been carried out. Our business safety teams audited 1,653 buildings in 2020/21. In addition the Authority has carried out 1,254 building regulation consultations in the last year.

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

### **Customer service**

Results of a recent survey completed by 268 Kent and Medway residents and conducted by the Institute of Customer Service, revealed that the Authority is providing an exceptional level of customer service across the board, including emergency response, safe and well home visits and building fire safety inspections. 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. For overall customer satisfaction, we achieved a score of 95.3 out of 100 in the survey of its customers, compared to the public service UK Customer Satisfaction Index average of 75.3 and the all sector average of 77.

An internal survey was completed by Authority staff to understand how customer focused the organisation is and it was positive to see that the results of this survey showed that the Authority is better on average than its local public sector benchmark group. An application has now been submitted for Service Mark, a highly sought after accreditation by the Institute of Customer Service in recognition of our excellent customer service.

## 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 £2.9m of base revenue budget savings as set out in the budget for 2020/21 and over the next four years the Authority has the challenge to make approximately £8m 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 publishes an annual Efficiency Statement, and as such this is incorporated in the Customer and Corporate Plan to be agreed by the Authority in July this year. 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.

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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 2021.

### **Nick Chard**

Chair of the Authority  
Kent and Medway Towns Fire Authority

### **Alison Kilpatrick**

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

**29 September 2021**

# Report Independent auditor's report to the members of Kent and Medway Towns Fire and Rescue 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 and Rescue Authority (the 'Authority') for the year ended 31 March 2021, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and the notes to the Statement of Accounts, including a summary of significant accounting policies, and include the firefighters' pension fund financial statements comprising the Fund Account and 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 2020/21.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2021 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 2020/21; 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 (2020) ("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 2020/21 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 2020) 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.

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.

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.

The responsibilities of the Director of Finance and Corporate Services with respect to going concern are described in the 'Responsibilities of the Authority, the Director of Finance and Corporate Services and Those Charged with Governance for the financial statements' section of this report.

### **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 April 2020 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 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

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

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

### **Responsibilities of the Authority, the Director of Finance and Corporate Services and Those Charged with Governance for the financial statements**

As explained in the Statement of Responsibilities for the Statement of Accounts [set out on page 14], 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 2020/21, 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 there is an intention by government that the services provided by the Authority will no longer be provided.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of [our responsibilities for the audit of the financial statements](#) is located on the Financial Reporting Council's website. This description forms part of our auditor's report.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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 (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003 and Pension Scheme (England) Order 2006. We also identified the following additional regulatory frameworks in respect of the firefighters/ police 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 senior officers and the Authority concerning the Authority's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - 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 senior officers and the Authority 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 officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls, fraudulent revenue recognition and fraudulent expenditure recognition.

- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that the Director of Finance and Corporate Services has in place to prevent and detect fraud;
  - journal entry testing, with a focus on unusual journals made during the year and the accounts production stage for appropriateness and corroboration;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings and defined benefit pensions liability valuations; 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. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from 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.
- 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; and
    - 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, 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.

## **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 2021.

Our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2021.

### **Responsibilities of the Authority**

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

### **Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency**

## **and effectiveness in its use of resources**

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

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021. 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 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 the Kent and Medway Towns Fire and Rescue Authority for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor's Annual Report.

## **Use of our report**

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **John Paul Cuttle**

Key Audit Partner for and on behalf of Grant Thornton UK LLP, Local Auditor  
London  
30 September 2021

# 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.

<b>2019/20 Gross Expenditure</b>	<b>2019/20 Gross Income</b>	<b>2019/20 Net</b>	<b>Item</b>	<b>Note</b>	<b>2020/21 Gross Expenditure</b>	<b>2020/21 Gross Income</b>	<b>2020/21 Net</b>
43,975	-3,542	40,433	Operational Response	-	42,251	-2,819	39,432
5,749	-128	5,621	Customer and Business Safety	-	5,676	-612	5,064
8,814	-3,195	5,619	Operational Policy and Resilience	-	7,927	-3,781	4,146
32,176	-1,228	30,948	Organisational Support	-	29,871	-1,948	27,923
3,007	-	3,007	Pensions, Financing and Other Costs	-	2,445	-	2,445
<b>93,721</b>	<b>-8,093</b>	<b>85,628</b>	<b>Cost of Services</b>	<b>7</b>	<b>88,170</b>	<b>-9,160</b>	<b>79,010</b>
<b>Other Operating Expenditure</b>							
32	-	32	Loss on disposal of non-current assets	-	69	-	69
<b>Financing &amp; Investment Income &amp; Expenditure</b>							
115	-	115	Interest payable and similar charges	7	80	-	80
21,773	-	21,773	Net interest on the defined benefit liability	-	19,091	-	19,091
-	-335	-335	Interest and Investment income	7	-	-103	-103
-	-10	-10	Gain(-)/Loss on financial instruments carried at fair value through profit or loss	7	-	43	43
<b>Taxation and Non-Specific Grant Income</b>							

<b>2019/20 Gross Expenditure</b>	<b>2019/20 Gross Income</b>	<b>2019/20 Net</b>	<b>Item</b>	<b>Note</b>	<b>2020/21 Gross Expenditure</b>	<b>2020/21 Gross Income</b>	<b>2020/21 Net</b>
-	-49,269	-49,269	Council Tax income	7	-	-49,959	-49,959
-	-14,881	-14,881	Non-domestic rates and top-up grant	7	-	-11,873	-11,873
-	-7,757	-7,757	Non ring-fenced grants	7	-	-13,208	-13,208
-	-14,449	-14,449	Government grant payable to pension fund	28	-	-10,936	-10,936
-	-	<b>20,847</b>	<b>Deficit on Provision of Services</b>	-	-	-	<b>12,214</b>
-	-	3,055	Surplus(-)/Deficit on revaluation of property plant and equipment	16	-	-	-2,903
-	-	-116,020	Re-measurements of the net defined benefit liability	25	-	-	190,882
-	-	<b>-112,965</b>	<b>Other Comprehensive Income and Expenditure</b>	-	-	-	<b>187,979</b>
-	-	<b>-92,118</b>	<b>Total Comprehensive Income and Expenditure</b>	-	-	-	<b>200,193</b>