



KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

Meeting of the Audit and Governance Committee

Wednesday, 6 November 2024

10.30am

AGENDA

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

AUDIT AND GOVERNANCE COMMITTEE

Wednesday, 6 November 2024 at 10.30am
Held at The Godlands, Straw Mill Hill
Tovil, Maidstone, ME15 6XB

Ask for: Marie Curry
Telephone: (01622) 692121

Membership of Audit and Governance Committee 2024/25:- Mr A Booth, Mr P Cole, Mr N Collor, Mr D Crow-Brown, Mr M Hood, Mr B Kemp, Mr V Maple, Mr J McInroy, Ms J Meade, Mr C Simkins and Ms J Waterman – Independent Member

UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

A Routine Business

- A1. Election of Chair for 2024/25
- A2. Election of Vice-Chair for 2024/25
- A3. Chair's Announcements *(if any)*
- A4. Declarations of Interests in Items on this Agenda
- A5. Membership Changes and Apologies for Absence

To note the Membership for the Audit and Governance Committee as above for 2024/25.

- A6. Minutes of the meeting held on 25 April 2024 *(for approval)*

B For Decision

- B1. Annual Governance Statement 2023/24
- B2. External Audit Findings Report 2023/24 and Letter of Representation
- B3. Annual Statement of Accounts for 2023/24 and Presentation
- B4. Anti-Fraud and Corruption Framework 2025-2027
- B5. Chair of Audit and Governance Committee's Report to the Authority

C For Information

- C1. Mid-Year Treasury Management and Investment Update for 2024/25
- C2. Internal Audit Mid-Year Update
- C3. Collaboration and Partnership Update and Presentation

D Urgent Business *(Other Items which the Chairman decides are Urgent)*

E Exempt Items *(At the time of preparing this agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public).*

Marie Curry
Clerk to the Authority
28 October 2024

Please note that any background papers referred to in the accompanying reports may be inspected by arrangement with the Lead/Contact Officer named on each report.

KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

MINUTES of the Meeting of the Audit and Governance Committee held on Thursday, 25 April 2024 at Kent Fire and Rescue Service Headquarters.

PRESENT: - Mr P Cole, Mr D Crow-Brown, Mr M Hood, Mr B Kemp, Mr V Maple (Chair), Mr C Simkins and Mrs J Waterman (Independent Member).

APOLOGIES: - Mr A Booth, Mr A Brady, Mr N Collor and Mr J McInroy.

OFFICERS:- The Chief Executive, Ms A Millington; the Director Finance and Corporate Services, Mrs A Hartley; Director Protection, Prevention and Customer Engagement, Mr J Quinn; Head of Finance, Treasury and Pensions, Ms N Walker; Head of Finance, Treasury and Pensions, Mr B Fullbrook; KMFRA Monitoring Officer, Ms C Valmond; KMFRA Deputy Monitoring Officer, Ms H Ward; Head of Policy, Dr O Thompson; Strategic and Risk Manager, Mr P Goodwin; and the Clerk to the Authority, Mrs M Curry.

ALSO IN ATTENDANCE: - Mr P Cuttle, Grant Thornton; Mr J Idle, Head of KCC Internal Audit; Ms F Smith and Ms L Taylor, KCC Internal Audit.

UNRESTRICTED ITEMS

21. Chair's Announcements

(Item A1)

- (1) The Chair thanked Scott Smith for his presentation on KFRS Projects as part of the Member awareness session prior to the Committee.
- (2) The Chair welcomed Claudette Valmond, KMFRA's Monitoring Officer and Helen Ward, KMFRA Deputy Monitoring Officer to their first meeting.
- (3) The Chair welcomed Paul Cuttle, Grant Thornton, to the meeting.
- (4) The Chair welcomed Jonathan Idle, Frankie Smith and Louise Taylor, KCC Internal Audit, to the meeting.

22. Minutes – 29 January 2024

(Item A4)

- (1) RESOLVED that the Minutes of the Audit and Governance Committee meeting held on 29 January 2024, be approved and signed by the Chair as a correct record.

23. Strategic and Corporate Risk Registers

(Item B1 – Report by Chief Executive)

- (1) Since the Committee last received an update on the Corporate Risk Register, work has been ongoing to enhance the Authority's approach to Strategic and Corporate Risks.
- (2) The Committee received the proposed new version of the Register which now includes agreed action plans, which help mitigate or reduce potential risks, a Risk Appetite Statement and Risk Tolerance Matrix.
- (3) In recognition of the work required to fully assess, evaluate and manage the enhanced risk management approach, a dedicated Corporate Risk Manager role will be established.

- (4) RESOLVED that: -
- (a) the new approach to Strategic and Corporate Risk Register management as attached at Appendix 1 to the report, be approved.
 - (b) the refreshed Risk Management Policy, as attached at Appendix 2 to the report, be approved.
 - (c) the Risk Appetite Statement as attached at Appendix 3 to the report, be approved.
 - (d) the Risk Tolerance Matrix as attached at Appendix 4 to the report, be approved.
 - (e) the new Strategic and Corporate Risk Registers as attached at Appendix 5 to the report, be approved.
 - (f) the creation of a Corporate Risk Manager role be noted.
 - (g) the remaining contents of the report be noted.

24. External Auditors Audit Findings Report for 2022/23
(Item B2 – Report by Director Finance and Corporate Services)

- (1) Mr Paul Cuttle from Grant Thornton, introduced for Members' consideration, the External Auditors Audit Findings Report in relation to the 2022/23 financial year.
- (2) As the Audit review has now been concluded the Financial Statements were signed by both the Director Finance and Corporate Services and the Chair of the Audit and Governance Committee on 28 March 2024.
- (3) Mr Maple, on behalf of the Committee, thanked Paul Cuttle and his team as well as the Director Finance and Corporate Services and her team for their continued hard work.
- (4) RESOLVED that: -
 - (a) the matters raised in the Audit Findings Report for 2022/23 financial year as attached at Appendix 1 to the report, be approved.

25. Internal Audit Annual Report and Audit Opinion for 2023/24
(Item B3 – Report by Director Finance and Corporate Services)

- (1) The Committee received the final Internal Audit Annual Report for 2023/24.
- (2) As part of the Public Sector Internal Audit Standards, the Head of Internal Audit is required to provide an annual opinion to this Committee on the adequacy and effectiveness of the Authority's framework of governance, risk management and controls. The annual opinion, which was assessed as 'substantial' is largely informed by work undertaken as part of the Internal Audit Plan for the 2023/24 financial year and also considers the results of audits from the previous two financial years and any follow-up work undertaken.
- (3) RESOLVED that: -
 - (a) the final Internal Audit Annual Report for 2023/24 as attached at Appendix 1 to the report, be approved.

26. External Auditors Draft Audit Plan for 2023/24

(Item B4 – Report by Director Finance and Corporate Services)

- (1) The Committee received the External Auditors' Draft Audit Plan for the 2023/24 financial year, a summary of key areas which the Auditors are required to review to ensure compliance with auditing standards, as well as the basis for assessment of the Authority's Value for Money arrangements.
- (2) RESOLVED that: -
 - (a) The External Auditors' Draft Audit Plan for 2023/24 as attached at Appendix 1 to the report, be approved.

27. External Auditors Audit Risk Assessment for 2023/24

(Item B5 – Report by Director Finance and Corporate Services)

- (1) Under International Standards on Auditing, Auditors have specific responsibilities to communicate with those charged with governance, which for this Authority is the Audit and Governance Committee. The Auditors are required to gain an understanding of the management processes and the Authority's oversight of key areas to support the development of the Financial Statements.
- (2) The Director of Finance and Corporate Services introduced the Audit Risk Assessment document which sets out the management response to the questions raised by the Auditors. As such Members were asked to consider if the responses as set out in the report, are consistent with their understanding and whether there are any further comments to make.
- (3) RESOLVED that: -
 - (a) the Audit Risk Assessment, as set out in Appendix 1 to this report, be approved.

28. Internal Audit Plan for 2024/25 and Audit Charter

(Item B6 – Report by Director Finance and Corporate Services)

- (1) Ms F Smith, from KCC Internal Audit, introduced for Members' consideration, the proposed Internal Audit Plan for 2024/25, along with the Audit Charter and Key Performance Indicators.
- (2) Mr Maple, on behalf of the Committee, placed on record thanks to Ms Smith and her team for the thorough and valuable work they do for this Authority. He also wished Ms Smith all the very best in her new role.
- (3) RESOLVED that: -
 - (a) the Internal Audit Plan for 2024/25, as set out in Annex 1 of Appendix 1 to the report, be approved.

25 April 2024

- (b) the Internal Audit Charter, as set out in Annex 2 of Appendix 1 to the report, be approved.
- (c) the proposed Key Performance Indicators for the Internal Audit, as set out in Annex 3 to Appendix 1 to the report, be approved.

29. Treasury Management Update for 2023/24

(Item B7 – Report by Director Finance and Corporate Services)

- (1) The Committee received its annual review of treasury management activities and the indicative outturn position for the year. A final treasury outturn report will be provided as part of the suite of documents to support the approval of the 2023/24 Financial Statements at the September meeting of this Committee.
- (2) The Committee gave thanks to the Director of Finance and her team for their excellent work on treasury management activities.
- (3) RESOLVED that: -
 - (a) the provisional year-end report on treasury management activity for 2023/24, be approved.

By: Director, Finance and Corporate Services
To: Audit and Governance Committee – 6 November 2024
Subject: ANNUAL GOVERNANCE STATEMENT 2023/24
Classification: Unrestricted

FOR DECISION

SUMMARY

This report seeks Members' approval to the Annual Governance Statement for 2023/24. This Statement is a requirement set out in the Accounts and Audit Regulations 2015, which requires us to undertake an annual review of the effectiveness of the system of internal control. It is reviewed by the External Auditors and published alongside the Statement of Accounts each year.

RECOMMENDATION

Members are requested to:

1. Approve the Annual Governance Statement for 2023/24 (paragraphs 5 to 12 and **Appendix 1** refer).

LEAD/CONTACT OFFICER: Director Finance and Corporate Services- Alison Hartley
TELEPHONE NUMBER: 01622 692121 ext. 8262
EMAIL: alison.hartley@kent.fire-uk.org
BACKGROUND PAPERS: None

COMMENTS

Background

1. In the 'Delivering Good Governance in Local Government Framework, 2016', CIPFA (Chartered Institute of Public Finance and Accountancy) define governance as: "*the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved*". The requirement to ensure good governance is enshrined in regulation. Section 3 of the Accounts and Audit (England) Regulations 2015 requires the Authority to ensure it has a sound system of control to facilitate the effective management of its functions, to manage its finances and manage risks; whilst Section 6 stipulates the need to conduct an annual review of the effectiveness of the system of internal control.
2. The Annual Governance Statement provides an analysis of the Authority's governance arrangements and systems of internal control along with an assessment of their effectiveness. The draft Annual Governance Statement was published on the Authority's website in May 2024 alongside the draft (pre-audited) set of accounts. Following its formal approval by Members, the final Annual Governance Statement will be published with the final approved annual accounts for the 2023/24 financial year.
3. The main aim of the Annual Governance Statement is to provide clear and transparent evidence that the Authority is effectively managed and delivers its services in accordance with current legislation and its own stated aims, objectives and values.
4. The Annual Governance Statement and its underpinning review consider 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 will have remained in operation up to the date of approval of the 2023/24 Statement of Accounts. This is the reason that the Annual Governance Statement references the previous, and not this, financial year.

Style and Content of the 2023/24 Annual Governance Statement

5. Following a narrative detailing the regulatory elements, the 2023/24 Annual Governance Statement informs the reader about what governance means in the context of this authority; it then goes on to describe how the Authority ensures effective governance arrangements are in place; how the Authority's strategic planning fits into and supports this; and the key pieces of legislation relating to the Authority's governance arrangements and operations.
6. Following issues over the past few years with financial management and corporate governance in some local authorities, CIPFA reviewed its guidance and issued the 'Financial Management Code' (this was brought to Members' attention at the February 2021 meeting of the Authority). 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 by embedding enhanced standards of financial management. The Code came into effect from 1 April 2020, with a full implementation deadline of 31 March 2021. As per the requirements set out by CIPFA, the Annual Governance Statement also includes an assessment of the Authority's compliance with the principles of the Code.

7. The CIPFA Governance 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. 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 (originally presented to Members at the Authority meeting on 23 July 2020 but subsequently updated at the Authority meeting on the 19 October 2023). The Authority's Code of Corporate Governance is the means through which the Authority applies the principles of good governance and sets out how it meets each of these principles in its day-to-day activities.
8. Consequently, the self-assessment process for the Annual Governance Statement is built around the Authority's compliance with the seven principles. Against each of the seven principles, the relevant governance frameworks and controls are reviewed and evidence collated. Where available, external, independent sources of assurance – such as Internal and External Audit reports, HMICFRS inspection reports, and awards and recognition schemes – are considered to supplement the self-assessment. Once completed, an overall assessment rating is made which provides a summarised account of how the Authority's internal controls, systems, processes and management arrangements meet the principles of good governance set out in the CIPFA framework. Set out in **Appendix 1** is the Annual Governance Statement for Members review and agreement.
9. The overall level of assurance is assessed against a five-tier rating which runs from red to green. 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 other assessments of the Authority's effectiveness.
10. Once the Authority has approved the Annual Governance Statement, it is signed by the Chair and the Chief Executive and published alongside the Annual Accounts.

Conclusions from the Self-Assessment

11. 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 on some policy areas will be undertaken, as necessary.

12. In general, the Authority has a well-established, well-documented governance framework and breaches are rare. Documentation and changes are provided via the intranet and available to all colleagues across the organisation. Members will from time to time receive reports seeking agreement to new or amended policies, whilst procedures and guidance supporting these is circulated internally as required. Processes for monitoring and validating key processes exist and are maintained regularly. Members should be assured therefore that arrangements operate effectively and provide the level of protection required.

IMPACT ASSESSMENT

13. There are no financial impacts associated with this report.

RECOMMENDATION

14. Members are requested to:
 - 14.1 Approve the Annual Governance Statement for 2023/24 (paragraphs 5 to 12 and **Appendix 1** refer).

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</p>
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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.

[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

	<p>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> <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>

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.

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

	<p>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> <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,</p>

targets for the coming years and an improvement action plan explaining how we intend to achieve these targets.

[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.

	<p>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> <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</p>

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.

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.

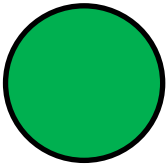
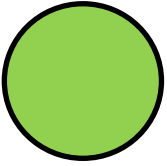
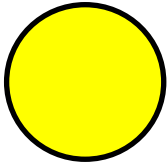
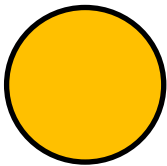
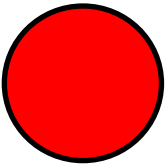
Joint Statement by the Chair of Audit and Governance and the Chief Executive

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: XXXX

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>

By: Director, Finance and Corporate Services

To: Audit and Governance Committee– 6 November 2024

Subject: EXTERNAL AUDITORS AUDIT FINDINGS REPORT FOR
2023/24 AND LETTER OF REPRESENTATION

Classification: Unrestricted

FOR DECISION

SUMMARY

The reports' main purpose is to present the External Auditor's Audit Findings Report in relation to the 2023/24 financial year, in accordance with the requirements of the International Standard on Auditing (UK and Ireland) 260. The External Auditor's Findings report is attached at **Appendix 1** for Members' information and consideration. This report highlights the findings that the External Auditors wish to raise having nearly concluded their audit. The External Auditors will attend the meeting to present their report.

However, they are not yet able to formally conclude the audit and issue the audit certificate until they have completed their work on the Authority's arrangements for Value for Money, which is nearing completion.

RECOMMENDATIONS

Members are requested to:

1. Consider the matters raised in the Audit Findings Report for 2023/24 (paragraphs 1 to 4 and **Appendix 1** refer);
2. Agree the Letter of Representation (paragraph 6 and **Appendix 2** refers).

LEAD/CONTACT OFFICER: Director, Finance and Corporate Services - Alison Hartley
TELEPHONE NUMBER: 01622 692121 ext. 8262.
EMAIL: alison.hartley@kent.fire-uk.org
BACKGROUND PAPERS: None

COMMENTS

Audit Findings Report

1. The Accounts and Audit (Amendment) Regulation 2022 changed the date that the Audit of the Financial Statements needed to be signed off to 30 September from 31 July. However, due to the national shortage of Auditors, there is a backlog of financial statements that still need to be signed off for prior years nationally, which has impacted on the available resources to undertake the local audits for 2023/24. The initial Audit Plan submitted to Members at April's Audit and Governance Committee suggested the Authority's Audit would take place during July, but subsequently Grant Thornton advised that the Audit had to be re-scheduled to a later date in the year, post September 30 due to their resourcing issues.
2. Having now virtually concluded the audit of the accounts for 2023/24, the External Auditors' Audit Findings Report for 2023/24 is attached at **Appendix 1**. This report provides a summary of the work that has been carried out by the External Auditors in relation to the financial year 2023/24 and highlights an overview of their audit findings to date. It also details the assessment that they expect to give having assessed the Accounts for 2023/24.
3. However, at the time of drafting this report, there are still some areas that are yet to be concluded in their review, and these are detailed on page 4 of **Appendix 1**. As External Audit will present the Audit Findings Report to this meeting, they will update Members on their findings in relation to these remaining issues, at the meeting.
4. In discharging the External Auditors' statutory responsibility to those charged with governance, the report highlights the following key points: -
 - (a) The External Auditors, subject to completing the outstanding work, have not identified anything that would require modification of their audit opinion or material changes to the financial statements, and so expect to issue an unmodified audit report in respect of the Financial Statements for 2023/24 (**Appendix 1**, page 4).
 - (b) At the current point in time, there is one main audit adjustment. The amendment referred to in the Findings report is in relation to a difference in the land size used by our external valuers for the calculation in relation to land value. This has resulted in a reduction of £236k in the land value. As the amount is below the Authority's materiality levels and has no impact on the financial outturn of the Authority this has not been adjusted for within the financial statements. The contract for the valuers is due for renewal in December 2024 and on appointment any new valuers are required to complete a full valuation review of all the Authority's land and buildings.

- (c) The External Auditors Code of Audit Practice was updated on 1 April 2020 and one of the biggest areas of change is in relation to Value for Money. External Auditors are required to assess against a revised criteria to ensure that the Authority has proper arrangements for financial sustainability, governance and securing economy, efficiency, and effectiveness in its use of resources. Audit work in relation to this was undertaken during the autumn months and the final report is expected to be presented to the Authority at the February 2025 meeting. (**Appendix 1**, page 5 and 18).
5. **Audit Fees** - The Public Sector Audit Appointments published fee for the work in relation to the 2023/24 financial year is £103,585. However, due to the increased audit work required following changes to accounting treatments in relation to ISA 315 the Auditors have set out their proposed fee at page 23 of the Audit Findings Report (**Appendix 1**).
6. **Letter of Representation** - Formal signing of the Accounts and the issuing of the opinion by the External Auditors will take place once the Accounts have been approved by Members and the Letter of Representation (a draft copy of which is attached at **Appendix 2** for Members' approval) has been issued to the Auditors by the Director, Finance and Corporate Services. This Letter of Representation is a formal statement sent to the External Auditors, the intention of which is to provide assurances as to the robustness of the Authority's approach to the preparation and audit of its Accounts.
7. **Summary** - The Finance Team and the External Auditors have worked well together during the whole closedown process. All work was successfully completed remotely by both parties, and we are appreciative of the timely turnaround of information by the External Auditors.

RECOMMENDATIONS

8. Members are requested to:
- 8.1 Consider the matters raised in the annual Audit Findings Report for 2023/24 (paragraphs 1 to 4 and **Appendix 1** refer).
- 8.2 Agree the letter of Representation (paragraph 6 and **Appendix 2** refers).



The Audit Findings (ISA260) Report for Kent and Medway Fire and Rescue Authority

Year ended 31 March 2024



Audit Findings for Kent and Medway Fire and Rescue Authority for the 31 March 2024

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

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

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

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to drive audit quality by reference to the Audit Quality Framework. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at transparency-report-2023.pdf [grantthornton.co.uk].

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Paul Cuttle

Director
For Grant Thornton UK LLP

Contents



Your key Grant Thornton team members are:

Paul Cuttle

Key Audit Partner

E Paul.Cuttle@uk.gt.com

Muneeb A Khan

Audit Manager

E Muneeb.A.Khan@uk.gt.com

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2. [Financial statements](#)
3. [Value for money arrangements](#)
4. [Independence and ethics](#)

Appendices

- A. [Communication of audit matters to those charged with governance](#)
- B. [Audit Adjustments](#)
- C. [Fees and non-audit services](#)

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Kent and Medway Fire and Rescue Authority ('the Authority') and the preparation of the Authorities financial statements for the year ended 31 March 2024 for the attention of those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Authorities financial statements give a true and fair view of the financial position of the Authority and Authorities income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report, is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit work was completed remotely primarily during September-October 2024 with some work on Land and Building Revaluation started in July 2024. Our findings are summarised on pages 7 to 17. Our audit to date has not identified any adjustments to the financial statements which would result in a change to the Authorities Comprehensive Income and Expenditure Statement.

Audit disclosure amendments arising from our work and agreed with management and unadjusted misstatements are detailed at Appendix B.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters;

- receipt and review of assurance from the auditor of Kent Pension Fund as to the completeness and accuracy of data provided by the Pension Fund administrator;
- receipt and review of pending queries for pension liability, creditors, financial instruments, employee expenses, and grant income;
- review of employee expense, pension liability, movement in reserves statement, officers remuneration and other minor disclosure sections which could raise additional audit queries and challenge;
- receipt of response to our legal inquiries;
- receipt and review of the final set of financial statements; and
- receipt and review of management representation letter.

We have concluded that the other information to be published with the financial statements, including the Annual Governance Statement, is consistent with our knowledge of your organisation and with the financial statements we have audited.

Our anticipated financial statements audit report opinion will be unmodified. We anticipate signing your accounts shortly after the conclusion of the above queries and VFM review.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Authorities overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authorities' arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

Earlier in the year, we completed our VFM planning and we did not identify any risk of significant weakness in your arrangements for securing economy, efficiency and effectiveness in its use of resources.

Our detailed review covering the specified criteria is currently in progress. Our work will be finalised in November 2024 to enable us to issue our audit opinion however the results will be reported in our Auditor's Annual Report and presented at the February 2025 Fire Authority meeting.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have completed the majority of work under the Code and expect to be able to certify the completion of the audit when we give our audit opinion.

Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

1. Headlines

National context – audit backlog

Government proposals around the backstop

On 30 July 2024, the Minister of State for Local Government and English Devolution, Jim McMahon, provided the following written statement to Parliament [Written statements - Written questions, answers and statements - UK Parliament](#). This confirms the government's intention to introduce a backstop date for English local authority audits up to 2022/23 of 13 December 2024. Kent and Medway Fire and Rescue Authority has consistently produced its accounts and has had its accounts audited by the statutory deadline. Based on the work completed to date on the 2023/24 accounts, we intend issuing our opinion well before the backstop date.

New National Audit Office Code

As part of ongoing reforms to local audit, the National Audit Office has also laid a new Code before Parliament. One of the objectives of the new Code is to ensure more timely reporting of audit work, including Value for Money. The Code requires that from 2025, auditors will issue their Annual Auditor's Report by November each year. We have already put resource plans in place to ensure we achieve this deadline across all audited bodies.

National context – level of borrowing

All authorities continue to operate in an increasingly challenging financial context. With inflationary pressures placing increasing demands on authorities' budgets, there are concerns as authorities look to alternative ways to generate income. We have seen an increasing number of authorities look to ways of utilising investment property portfolios as sources of recurrent income. Whilst there have been some successful ventures and some prudently funded by authorities' existing resources, we have also seen some authorities take excessive risks by borrowing sums in excess of their revenue budgets to finance these investment schemes. Additionally, we have also seen some authorities lending money to their subsidiary companies, which may not be in a position to repay those loans.

The impact of these huge debts on authorities, the risk of potential bad debt write offs and the implications of the poor governance behind some of these decisions are all issues which now have to be considered by auditors across local authority audits.

We are not aware of any similar ventures that the Authority has entered into or planning to enter into, but we will consider any potential risk to this in our VFM work.

2. Financial Statements

Overview of the scope of our audit

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

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

Audit approach

Our audit approach was based on a thorough understanding of the Authorities business and is risk based, and in particular included:

- An evaluation of the Authorities internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, as set out on page 4 and conclusion of our VFM review, we anticipate issuing an unmodified audit opinion following the November 2024 Audit and Governance Committee meeting.

2. Financial Statements



Our approach to materiality

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

We have revised the performance materiality due to the actual gross expenditure changing from that anticipated at the planning stage resulting in a review of the appropriateness of the materiality figure.

We set out in this table our determination of materiality for Kent and Medway Fire and Rescue Authority.

	Planning Materiality (£)	Accounts Materiality (£)	Qualitative factors considered
Materiality for the financial statements	2,000,000	1,800,000	We have determined financial statement materiality based on a proportion of the gross expenditure of the Authority for the financial year, which has remained at approximately 2%.
Performance materiality	1,500,000	1,350,000	Performance Materiality is based on a percentage of the overall materiality. This is set at 75% of overall materiality
Trivial matters	100,000	90,000	This balance is set at 5% of overall materiality
Materiality for specific transactions, balances or disclosures (Cash)	500,000	500,000	To detect errors at a lower level of precision to ensure that any errors or misstatements are addressed.



2. Financial Statements: Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non rebuttable presumed risk that the risk of management override of controls is present in all entities. You face external scrutiny of your spending, and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement</p>	<p>To address this risk, we:</p> <ul style="list-style-type: none">• evaluated the design and implementation of management controls over journals;• analysed the journals listing and determined the criteria for selecting high risk unusual journals;• identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration;• gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness; and• evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. <p>Our audit work is complete and there are no issues noted.</p>
<p>Improper revenue recognition</p> <p>Under ISA 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>In our Audit Plan we mentioned that having considered the risk factors set out in ISA240 and nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none">• there is little incentive to manipulate revenue recognition;• for revenue streams that are derived from council tax, business rates and grants, these are incomes which are based primarily on grants or are formula driven from the central government and taxpayers and therefore the opportunities to manipulate them are very limited; and• opportunities to manipulate revenue recognition are very limited. <p>Our assessment remains valid.</p>

2. Financial Statements: Significant risks

Risks identified in our Audit Plan

Commentary

Closing Valuation of land and buildings

The authority revalues high value fixed assets on an annual basis and the remainder of assets on a rolling four yearly basis.

This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved, being £98.074m in 2023/24 draft financial statements.

We therefore identify valuation of land and buildings, particularly revaluations and impairments, as a significant risk. Should any changes to the Code in relation to the valuation of land and buildings we will reconsider our testing strategy.

For the significant risk we have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;
- evaluated the competence, capabilities and objectivity of the external valuer;
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the valuer's report and the assumptions that underpin the valuation;
- confirmed from the valuer the basis on which the valuation was carried out;
- tested, on a sample basis, revaluations made during the year to ensure they had been input correctly into the Authorities asset register; and
- evaluated how management concluded that the carrying value of assets not revalued was not materially misstated.

During our testing we identified an error in relation to the land size of Tunbridge Wells Fire Station, which is being reported as an unadjusted misstatement, for detail of which please refer to page 22.

Our audit work is complete and there are no issues noted.

Completeness of non-pay operating expenditure

We have also considered the risk of material misstatement due to the fraudulent recognition of expenditure. We have considered each material expenditure area, and the control environment for accounting recognition.

In our Audit Plan, we set out our consideration that significant risk can be rebutted, primarily because we are satisfied that this did not present a significant risk of material misstatement in the 2023/24 accounts as:

- the control environment around expenditure recognition (understood through our documented risk assessment understanding of your business processes) is considered to be strong;
- we have not found significant issues, errors or fraud in expenditure recognition in the prior year audits; and
- our view is that, similarly to revenue, there is little incentive to manipulate expenditure recognition.

Our assessment remains valid.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan

Valuation of pension fund net liability

The Authority's pension fund net liability (Local Government Pension Scheme and Firefighters' Pension Schemes), as reflected in its draft 2023/24 balance sheet as the net asset and liability respectively on defined pension scheme, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£642.9 million in the Authority's draft balance sheet 23/24) and the sensitivity of the estimate to changes in key assumptions.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary.

A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability.

We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the Authority's pension fund net liability as a significant risk.

Commentary

To address this risk, we :

- updated our understanding of the processes and controls put in place by management to ensure that the Authorities pension fund net liability is not materially misstated and evaluate the design of the associated controls;
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the net liability;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;
- confirmed the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and

As set out on page 4, we are awaiting assurance from the auditor of Kent Pension Fund as to the completeness and accuracy of data provided by the Pension Fund administrator to the actuary. The work to provide these assurances is nearing completion.

Our audit work is substantially complete and there are no issues arising to date.

2. Financial Statements: key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Assessment

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

Significant judgement or estimate

Summary of management's approach

Audit Comments

Assessment

Land and Building valuations – £98m

Other land and buildings comprises £86.5m of specialised assets, such as the fire stations and training facilities which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£11.5m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Authority has engaged Avison Young to complete the valuation of properties as at 31 March 2024.

Full valuation including physical inspection were performed for all material assets and for 25% of the remaining assets on a four-year cyclical basis. While for the remaining assets in the portfolio desktop valuation was performed to ensure that their carrying value is not materially misstated.

The total year end valuation of land and buildings was £98m, a net decrease of £915k from 2022/23 after accounting for this year's additions and depreciation.

We considered and completed the following in the course of our testing:

- We are satisfied that the Authorities expert is objective, competent and knowledgeable in their field of expertise;
- We have reviewed the completeness and accuracy of the underlying information used to determine the valuation. This included testing accuracy of floor areas plans provided to the valuer; querying yield percentages used by the valuer against comparable market evidence; recalculating the capitalisation of rental income in fair value valuations to ensure accuracy; using transactional data to review for reasonableness of valuer estimate. We have also assessed the appropriateness of the valuation method, the type of inspection performed, the assumptions made in respect of obsolescence and any assumptions made in respect of local factors;
- We have reviewed the impact of any changes to valuation method and incorporated this element in our sample selection; and
- We have reviewed the consistency of valuations against our auditor's expert market trend report and adequacy of disclosure in the financial statements;

During our testing we identified an error in relation to the land size of Tunbridge Wells Fire Station, which is being reported as an unadjusted misstatement, for detail of which please refer to page 22.









Our audit work is complete and there are no issues noted.

2. Financial Statements: key judgements and estimates





Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment																								
<p>Net pension liability (Liability) – £642.9m</p>	<p>The Authorities net pension liability at 31 March 2024 is £642.9m (PY £643.3m) relating to the Firefighters pension scheme and Nil (PY Net Pension Asset of £137k) for Local Government Pension scheme after accounting for an IFRIC-14 adjustment of £2.6m.</p> <p>The Authority uses Barnett Waddingham LLP to provide actuarial valuations of the Authorities assets and liabilities derived from this scheme. A full actuarial valuation is required every three years</p> <p>The latest full actuarial valuation for LGPS was based on scheme data as at 31 March 2022 while for Firefighters pension scheme it was based on scheme data as at 31 March 2020.</p> <p>Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £7.9m net actuarial gain/loss during 2023/24.</p>	<ul style="list-style-type: none"> We assessed management's actuarial expert and concluded they are competent, capable and objective in producing the estimate; We engaged an auditor's actuary expert to challenge the reasonableness of the estimation method used and the approach taken by the actuary to verify the completeness and accuracy of information used. We were satisfied the actuary was provided with complete and accurate information about the workforce, and that the method applied was reasonable; The auditors' expert provided us with indicative ranges for assumptions by which we have assessed the assumptions made by management's expert. As set out below all assumptions were within the expected range and were therefore reasonable; <table border="1" data-bbox="981 671 1951 1023"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>4.9%-4.95%</td> <td>4.8%-4.95%</td> <td>Considered reasonable</td> </tr> <tr> <td>Pension increase rate</td> <td>2.9%</td> <td>2.85%-3%</td> <td>Considered reasonable</td> </tr> <tr> <td>Salary growth</td> <td>3.9%</td> <td>3.4%-5.4%</td> <td>Considered reasonable</td> </tr> <tr> <td>Life expectancy – Males currently aged 45/65</td> <td>20.6-20.8</td> <td>19.2-21.8</td> <td>Considered reasonable</td> </tr> <tr> <td>Life expectancy – Females currently aged 45/65</td> <td>23.2-23.3</td> <td>22.6-24.3</td> <td>Considered reasonable</td> </tr> </tbody> </table> <ul style="list-style-type: none"> We carried out analytical procedures to conclude on whether the Authorities share of LGPS pension assets and LGPS/Fire Fighters Pension liabilities was reasonable. We concluded the Authorities share of assets and liabilities were in line with our expectations. We have assessed the reasonableness of movements in estimate and adequacy of disclosure of estimate in the financial statements. <p>We are awaiting assurances from the auditor of Kent Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.</p> <p>Our audit work at the time of writing has not identified any issues with respect of valuation of Pension Liability. However, this work is still in progress and outstanding items are included on page 4.</p>	Assumption	Actuary Value	PwC range	Assessment	Discount rate	4.9%-4.95%	4.8%-4.95%	Considered reasonable	Pension increase rate	2.9%	2.85%-3%	Considered reasonable	Salary growth	3.9%	3.4%-5.4%	Considered reasonable	Life expectancy – Males currently aged 45/65	20.6-20.8	19.2-21.8	Considered reasonable	Life expectancy – Females currently aged 45/65	23.2-23.3	22.6-24.3	Considered reasonable	<p>TBC</p>
Assumption	Actuary Value	PwC range	Assessment																								
Discount rate	4.9%-4.95%	4.8%-4.95%	Considered reasonable																								
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Life expectancy – Males currently aged 45/65	20.6-20.8	19.2-21.8	Considered reasonable																								
Life expectancy – Females currently aged 45/65	23.2-23.3	22.6-24.3	Considered reasonable																								

2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Assessment
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Business World	ITGC assessment					Subject to the clearance of items pending as identified on page 4, we have not identified any deficiency in the design effectiveness of the IT application.
iTrent	ITGC assessment					Subject to the clearance of items pending as identified on page 4, we have not identified any deficiency in the design effectiveness of the IT application.

Assessment

-  Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
-  IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  Not in scope for testing

2. Financial Statements: other communication requirements

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

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Governance Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A signed letter of representation will be requested ahead of the auditor's report being signed. We have not identified the need for any specific representations at the time of writing.
Audit evidence and explanations	All information and explanations requested from management have been provided to date subject to the satisfactory resolution of the outstanding matters set out on page 4.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to banking institutions. This permission was granted and the requests were sent and have been received as part of our final accounts work. No issue arising. As part of our audit procedure's, we communicated with the solicitors who worked with the Authority during the period. All responses were received, and no issues were noted.
Accounting practices	We have evaluated the appropriateness of the Authorities accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.

2. Financial Statements: other communication requirements



Our responsibility

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

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none">• the use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities• for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authorities financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none">• the nature of the Authority and the environment in which it operates• the Authorities financial reporting framework• the Authorities system of internal control for identifying events or conditions relevant to going concern• management’s going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none">• a material uncertainty related to going concern has not been identified• management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement, Narrative Report and Pension Fund Financial Statements, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses. <p>We have nothing to report on these matters.</p> <p>Our VFM work is in progress and will be reported separately in our Auditors Annual Report that will be issues later in year.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>The specified procedures is not required as the Authority does not exceed the threshold. We will complete the Assurance Statement that is required after the conclusion of the audit.</p>
Certification of the closure of the audit	<p>We intend to issue the certificate after the conclusion of the financial statements, Value for Money review and completing the WGA Assurance Statement of Kent and Medway Fire and Rescue Authority.</p>



3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2023/24

The National Audit Office issued its guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3–5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

Our procedures and conclusions

Earlier in the year, we completed our planning work and did not identify any risk of significant weakness in your arrangements for securing economy, efficiency and effectiveness in its use of resources. Our detailed VFM review per the set criteria above is in progress and the results of our work will be set out in our Auditor's Annual Report. We plan to present our Auditor's Annual Report to the Fire Authority February 2025 meeting.

4. Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms).

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

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

Details of fees charged are detailed in Appendix C.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Grant Thornton International Transparency report 2023](#).

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Authority that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Authority or investments in the Authority held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Authority as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Authority.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Authorities board, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person [and network firms] have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements

Appendices

- A. Communication of audit matters to those charged with governance
- B. Audit Adjustments
- C. Fees

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Audit Adjustments

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

Misclassification and disclosure changes

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

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
Various minor casting/disclosure amendments	The accounts were also updated for minor presentation issues. None were material.	Yes

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2023/24 audit which have not been made within the final set of financial statements. The Audit and Governance Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000	Reason for not adjusting
Tunbridge Wells Fire Station – Land Valuation In our testing we identified a difference between the Tunbridge Wells land size used in the valuation sheet and that provided by management expert using edozo maps which results in a misstatement of £236,350.16. Management expert confirmed that part of the site does not belong to KFRS hence the update to land size leading to a reduction in valuation.	Dr. Revaluation Reserve 236.35	Cr. Land and Buildings (236.35)	Nil	Nil	The amount was immaterial
Overall impact	£236.35	(236.35)	Nil	Nil	

C. Fees

We confirm below our final fees charged for the audit.

Audit fees	Proposed fee	Final fee
Scale fee	£103,585	£103,585
ISA 315 (application of revised auditing standard not included within scale fee)	£5,020	£7,058
Total audit fees (excluding VAT)	£108,605	£110,643

The ISA315 scale fee variation has increased slightly from the figure communicated in our audit plan. The PSAA have now confirmed the rate for this work for Fire Authorities is £7,058. From 2024/25 this amount will be incorporated into the scale fee set by PSAA.

We confirm that we have not undertaken or charged fee for non-audit services.

Service Headquarters
The Godlands, Straw Mill Hill,
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E enquiries@kent.fire-uk.org



**Kent Fire &
Rescue Service**

together

To
Grant Thornton UK LLP
30 Finsbury Square
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EC2A 1AG

Contact
Alison Hartley
Direct line
01622 692 121
Email

Date

Dear Grant Thornton UK LLP

Kent and Medway Fire and Rescue Authority Financial Statements for the year ended 31 March 2024

This representation letter is provided in connection with the audit of the financial statements of Kent and Medway Fire and Rescue Authority for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the Authority financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Authority's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Authority and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include valuations of land and buildings, year-end accruals, year-end provisions including NNDR appeals, impairment loss allowance for debtors, and valuation of defined benefit net pension fund liabilities (including Fire Fighters Pensions Scheme). We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Authority has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Authority's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Authority and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. RAAC - We have considered the impact of reinforced autoclaved aerated concrete (RAAC) on our financial statements. We have no knowledge of any material events or circumstances that would require adjustments to be made to our financial statements.
- xiv. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xv. We have updated our going concern assessment. We continue to believe that the Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :
 - a. the nature of the Authority means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
 - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and

- c. the Authority's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements

- xvi. The Authority has complied with all aspects of ring-fenced grants that could have a material effect on the Authority's financial statements in the event of non-compliance.

Information Provided

- xvii. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the Authority's financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Authority via remote arrangements from whom you determined it necessary to obtain audit evidence.
- xviii. We have communicated to you all deficiencies in internal control of which management is aware.
- xix. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xx. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xxi. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xxii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxiii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxiv. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.
- xxv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxvi. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxvii. The disclosures within the Narrative Report fairly reflect our understanding of the Authority’s financial and operating performance over the period covered by the Authority’s financial statements.

Approval

The approval of this letter of representation was minuted by the Authority’s Audit and Governance Committee at its meeting on 06 November 2024.

Yours faithfully

Name Alison Hartley

Position: Director of Finance and Corporate Services

Date.....

Name Vince Maple

Position Chair of Audit and Governance Committee

Date.....

Signed on behalf of the Authority

By: Director, Finance and Corporate Services
To: Audit and Governance Committee – 6 November 2024
Subject: ANNUAL STATEMENT OF ACCOUNTS 2023/24
Classification: Unrestricted

FOR DECISION

SUMMARY

This report seeks Members' approval to the 2023/24 draft Statement of Accounts, which are currently in the process of being audited by the External Auditors.

RECOMMENDATIONS

Members are requested to:

1. Approve the 2023/24 draft Statement of Accounts (paragraphs 8, 21 to 27 and **Appendix 1** refer).
2. Consider and note the remaining contents of the report.

LEAD/CONTACT OFFICER: Director, Finance and Corporate Services- Alison Hartley
TELEPHONE NUMBER: 01622 698262 Ext 8262
EMAIL: alison.hartley@kent.fire-uk.org
BACKGROUND PAPERS: None

COMMENTS

Background

1. The Accounts and Audit (Amendment) Regulation 2021 amended the 2015 regulations for English Authorities and put back the dates for completion of the draft accounts, public inspection and final publication. Part 3, Regulation 10 (2) of the Accounts and Audits Regulations 2015 required that the Statement of Accounts (the Accounts) of the Authority for 2020/21 must be approved by Members no later than 31 July and this was amended to 30 September. Since then, only 9% of audits were signed off by 30 September 2021 (of which this Authority was one) and by 31 March 2022 48% of opinions remained outstanding. Only five opinions out of the total 467 local authority audits in the UK were given by the statutory deadline for 2022/23 financial year of 30 September 2023, according to Public Sector Audit Appointments. Nationally there continues to be a shortage of Auditors and firms are reporting that they are seeing a number of qualified staff leaving the audit sector entirely, leaving a limited market to fill vacancies. This has impacted on the available resources to undertake local audits within the applicable timescales.
2. Unfortunately, the national audit issues have continued to compound with some Authorities now having a number of years of Financial Statements without an Audit opinion. On 16 December 2021 Government announced further guidance to “improve local audit delays” this included extending the deadline for publishing audited local authority accounts from 31 July to the 30 September for the for 6 years, beginning with the 2022/23 accounts.
3. On 23 June the Public Accounts Committee published a report on the [Timeliness of local auditor reporting](#). The Committee asked DLUHC (Department for Levelling up, Housing and Communities) to explain how it was tackling the longstanding problems facing the sector. DLUHC are currently working with the Financial Reporting Council, National Audit Office and CIPFA to consider a number of proposals to address the significant backlog of local government audits in England and develop a sustainable solution. At 30 June 2024, the backlog of outstanding audit opinions up to and including 2022/23 stood at 559 (3 from pre 2018/19).
4. In July 2023, the Minister for Local Government published a [Cross-System Statement](#) to Parliament setting out proposals to tackle this backlog. This proposed setting a statutory backstop date to clear the backlog of unaudited accounts up to and including financial year 2022/23, and a proposal for setting back stop dates for financial years 2023/24 to 2027/28 to enable the Audit system to recover. In accordance with section 32 of the Local Audit and Accountability Act 2014, there is a statutory duty to consult with specified entities in relation to amendments to the Accounts and Audit Regulations 2015. With the calling of an early election the Government at that time were unable to meet the timeframe in order to make the required legislation changes.

5. On 30 July 2024, the current Government [announced its intentions](#) to pursue proposals (taking into account responses to the consultations) to address the local audit backlog. This includes setting a backstop of 13 December 2024 for bodies to publish audited accounts for financial years up-to and including 2022/23. This represented the earliest viable alternative to the 30 September 2024. The Government intends to set the following backstop statutory deadlines for these years:
 - 2023/24: 28 February 2025
 - 2024/25: 27 February 2026
 - 2025/26: 31 January 2027
 - 2026/27: 30 November 2027
 - 2027/28: 30 November 2028
6. It is also proposed that for financial years 2024/25 to 2027/28 the date by which this Authority should publish 'draft' (unaudited) accounts will change from 31 May to 30 June following the financial year to which they relate, to give those preparing the accounts more time to ensure they are high-quality accounts, which will no doubt help the auditors.
7. **2023/24 Financial Statements** - In relation to the 2023/24 Accounts, as in all previous years, following the formal approval of the Statement of Accounts by this Committee, it is a further requirement that the person presiding at the meeting shall sign and date the Accounts to formally evidence the Authority's approval.
8. Prior to this approval, the Director, Finance and Corporate Services, has published the draft Accounts on the Authority's website, for 2023/24, together with the information required by regulation to inform the public of their rights in relation to the Accounts. The Director, Finance and Corporate Services, will have first signed and dated the Accounts, and certified, at the end of the year to which they relate, that they present a true and fair view of the financial position of the Authority and that the income and expenditure for that year is correct. This Statement is now reaffirmed by the Director, Finance and Corporate Services, as they present the Accounts to the Audit and Governance Committee for approval today.
9. **Inspection of the Accounts** - In total, the public have 30 working days in which they may object, inspect and question the local auditor on the Accounts. This Authority advertised that the accounts were open for review between 31 May and 11 July 2024. Members may wish to note that neither the Director, Finance and Corporate Services nor the External Auditors received any enquiries into the 2023/24 accounts during this period.
10. The Audit and Governance Committee has delegated responsibility from the Authority for the approval of the Accounts. This report details the final transfers into Reserves

for which Members' approval has been sought (and agreed) in the Budget Outturn report for 2023/24 presented to the July (5th) Authority meeting.

11. The purpose of this report is to now present the 2023/24 Annual Statement of Accounts, attached at **Appendix 1**, for Members of the Audit and Governance Committee to consider and approve, having reviewed the earlier financial reports on this agenda and those presented to the April 2024 (Annual Internal audit review) and the July 2024 (Final Provisional Outturn for 2023/24) meetings of the Authority.

External Auditors

12. The External Auditors are required to carry out the audit of the Accounts in line with the Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Controller and Auditor General, in April 2020. The External Auditors are required to report annually to Members of the Authority on the results of the audit activity undertaken during the year, in line with their responsibilities under International Auditing Standard (UK and Ireland) 260 (IAS (UK&I) 260) "*Communication of audit matters to those charged with governance*".
13. The Authority's External Auditors, Grant Thornton, have experienced delays in undertaking the Audit of other Authorities Financial Statements due to the resourcing of the backlog of previous years financial statements still to be signed off within Local Government and as mentioned previously the National shortage within the audit profession. However, we are pleased to report that the 2022/23 financial statements were signed off on the 24 March 2024 and whilst there is a delay to the sign off of the 2023/24 statements against the statutory deadline of 30 September there is no substantial backlog of outstanding Audits for this Authority.

Comments by the Director, Finance and Corporate Services

14. Local Authority Accounts are complex documents, and they include entries that are not included in normal company accounts. The contents of the Accounts are set out in the CIPFA Code of Practice (the "Code"), but action is taken to exclude any information deemed unnecessary or immaterial to the understanding of the Accounts.
15. The timetable for closing and producing the 2023/24 accounts was shared with the External Auditors in February 2024. Working papers to support the information included in the Accounts including various analytical reviews, schedules and explanations of any significant variances between the previous and current year have been provided to the Auditors. This information together with budget monitoring reports and other information provided to Members is examined for consistency to ensure that Members have been kept adequately informed and are well briefed to effectively scrutinise the Accounts.

16. When producing the annual Accounts all accounting policies are reviewed to ensure their compliance with the latest Financial Reporting Standards, whilst at the same time consideration is also given as to whether any new accounting standards should be applied. Members of this committee have already seen and agreed the response of Management to the Audit enquiries as part of the audit risk assessment of procedures, which included an oversight of the following areas: -
- General enquiries of management
 - Fraud
 - Laws and regulations
 - Related Parties
 - Going Concern and
 - Accounting estimates

Reserves

17. **General Reserves** - Members had previously agreed that General Reserves (referred to in the Accounts as General Fund balances) should be maintained at a level which is equivalent to approximately 5% of the annual net revenue budget. Consequently, the General Reserve balance at 31 March 2024 was £4.260m.
18. **Earmarked Reserves** - The Authority has money set aside in Earmarked Reserves. These Reserves are held for specific purposes, to meet irregular or known future commitments or liabilities. In the Budget Outturn report for 2023/24, Members agreed at the July Authority meeting, that of the underspend of £2.922m, £1.5m would be transferred to the Insurance and Resource Reserve, £0.4m would be transferred to the Service Transformation and Productivity Reserve and the remaining balance of £1.022m would be transferred to the Infrastructure Reserve.
19. After final transfers were made, Earmarked Reserves were £33.396m at 31 March 2024 with 80% held in the Infrastructure Reserve. Details of the balances and movements on earmarked reserves are shown in Note 15 (page 51) in the Statement of Accounts, which is attached at **Appendix 1**.
20. **Capital Reserves** - In addition, Capital Reserves of £8.554m, comprised entirely of Unapplied Capital Receipts, were included in the Balance Sheet at 31 March 2024 for use in funding the capital programme in later years.

Statement of Accounts

21. **International Financial Reporting Standards and CIPFA Guidance** - Whilst the Accounts are prepared on an International Financial Reporting Standards (IFRS) basis with the content and format of the Accounts being on similar lines to other private and public sector organisations, there are still adjustments that are made by regulation to local authority accounts. In local authority accounts, charges made for depreciation, leave accrual and current service pension costs are only notional and are reversed out of the Accounts so as to not impact on the funding required from Council Tax.
22. The Accounts for 2023/24 have been prepared in accordance with The Accounts and Audits Regulations (England) 2021 and Code of Practice (Code) provided by the Chartered Institute of Public Finance and Accountancy (CIPFA). The content and format of local authority accounts is set out in the Code which is updated regularly to reflect changes in accounting standards. The document also has statutory backing as it is the definitive statement for 'proper accounting practices' for local authority accounts.
23. **Annual Governance Assurance Statement** - Elsewhere on the agenda is a report on the Annual Governance Assurance Statement for which Members' formal approval is required. This was published alongside the Accounts on the Authority's website.
24. **The Main Financial Statements** - These comprise of the Comprehensive Income and Expenditure Statement (CIES), which represents the expenditure and income associated with the 2023/24 financial year; the Movement in Reserves Statement, which shows the changes to the resources available to the Authority over the year; the Balance Sheet, which reports the assets and liabilities of the Authority as at 31 March 2024; and the Cash Flow Statement showing the cash payments and receipts during the year.
25. The Comprehensive Income and Expenditure Statement and Balance Sheet both include entries relating to employee leave, depreciation, impairment and the entitlement to future pension payments earned during the year by employees, and current pension liabilities. These charges, which are included in the Cost of Services line of the CIES, are notional entries in the accounts and they are included to show the full cost of operating the Service by recognising the fact that its activities today will result in costs in the future. To ensure that there is no impact on the funding requirement of the Authority these entries are later reversed out and the real costs added back in through a number of adjusting entries.
26. The presentation of pension assets and liabilities within the Accounts is a requirement of legislation governing the preparation of accounts. The overall impact of recognising the Authority's net pension liability of £642.9m on the Balance Sheet has been to create an overall negative balance of £482.089m.

27. It should be noted that, due to the inclusion of capital grants, the adjustments for current pension liabilities and gains and losses on pension assets and liabilities, and on the disposal of assets, the figures in the CIES can fluctuate significantly from one year to another. The Statement of Accounts differ from the budget monitoring reports submitted regularly to Members in that it does not compare expenditure with budget. By the end of the year transfers from reserves were £1.069m so, allowing for the £2.922m final revenue underspend this left a balance of £1.853m to be transferred to reserves. Accounting adjustments totalling £11.251m are then made so these, together with the final transfer to reserves, shows as a final Deficit on Provision of Services of £9.398m. This is set out on page 37 (**Appendix 1**) in the Expenditure and Funding Analysis Note, with supporting details of all the adjustments made in Note 6a on page 37 in the Accounts.
28. **Public Access** - The 2015 Regulations and subsequent 2021 amendment set out the requirements for the Authority to allow public access to, and copying of, all accounting records, and for public access to the External Auditors to allow for questions about, or objection to, the draft accounts. In accordance with this requirement the statutory 30 working days, required for public access, was from 31 May to 11 July 2024 and this was advertised beforehand on the Authority's website. Members may wish to note that there were no enquiries made in relation to the draft accounts.
29. Having now reviewed all the relevant reports in relation to the year end for 2023/24 earlier on this agenda, Members are asked to consider and agree the Statement of Accounts for the year as set out in **Appendix 1**.
30. **Publication of Accounts** - As soon as possible after the conclusion of the audit, the Authority will publish the Statement of Accounts and provide copies to any person on request. In order to comply with this requirement of publication, a notice will be placed on the Authority's website advising that the audit is complete and that the final Accounts are available to view and download from the website. Paper copies of the Accounts will also be made available on request at a charge of £8 per copy, which is approximately the cost of production, and is in line with the legislation which states that a reasonable charge may be made if appropriate.
31. **Summary of Accounts** - The Accounts have over the years become increasingly long and complicated. As a result, those with a non-public sector financial background may find them difficult to understand and interpret and therefore not accessible. Consequently, a set of summary accounts has been included on our web pages, the link for which can be found here [Summary statement of accounts 2023-24 | Kent Fire and Rescue Service \(fire-uk.org\)](#) . They provide a short explanation of the key issues. However, to also help Members with their interpretation a short presentation will be provided at the meeting of the salient points within the Accounts.

IMPACT ASSESSMENT

32. Budgetary provision has been made for the external audit fee.

RECOMMENDATIONS

33. Members are requested to:

33.1 Approve the 2023/24 draft Statement of Accounts (paragraphs 8, 21 to 27 and **Appendix 1** refer).

33.2 Consider and note the remaining contents of the report.

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: 6 November 2024

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Narrative Report

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.

Narrative Report

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

Narrative Report

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.

Narrative Report

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 may 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

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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.

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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

6 November 2024

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

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

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

DD November 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 (tfr'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			
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			
	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.

Notes to the Statement of Accounts

(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

Notes to the Statement of Accounts

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

Notes to the Statement of Accounts

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.

Notes to the Statement of Accounts

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.

Notes to the Statement of Accounts

- 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).

Notes to the Statement of Accounts

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

Notes to the Statement of Accounts

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

Notes to the Statement of Accounts

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.

Notes to the Statement of Accounts

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.

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%

Notes to the Statement of Accounts

- 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.

Notes to the Statement of Accounts

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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By: Director, Finance and Corporate Services
To: Audit and Governance Committee – 6 November 2024
Subject: ANTI-FRAUD AND CORRUPTION FRAMEWORK AND ACTION PLAN UPDATE
Classification: Unrestricted

FOR DECISION

SUMMARY

A review of the policies and plans that support the Authority's commitment to anti-fraud and corruption prevention has recently taken place. Although these documents are referred to on a regular basis a scheduled review is planned every three years to ensure they reflect and support current practices. In addition, a review of the actions within the Anti-fraud and Corruption Plan has also been carried out. This Plan is updated every two years.

This report provides Members with the outcomes of those reviews and attaches the updated versions for Members consideration and approval.

RECOMMENDATIONS

Members are requested to:

1. Review and agree the updated Anti-Fraud and Corruption Framework (paragraph 3 and 4 and **Appendix 1** refer).
2. Review and agree the Anti-Fraud and Corruption Plan (paragraph 5 and 6 and **Appendix 2** refer).
3. Consider and note the inclusion of the Fighting Fraud and Corruption Locally (FFCL) checklist within the Authority's monitoring practices (paragraph 8 refers and **Appendix 3**).

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BACKGROUND PAPERS: None

COMMENTS

Background

1. The Authority recognises that it is exposed to the risk of fraud and/or corruption across the range of services and activities it undertakes and therefore takes responsibility to prevent, detect and act on any instances of inappropriate behaviour. It has a duty to ensure that it uses the resources allocated to it in the most effective and efficient way possible. Fraud and corruption not only divert scarce resources from the public purse they also impact on the public confidence and morale within the service. An important part of our governance framework is our policies and our approach to preventing, detecting and investigating all forms of fraud and corruption.

Policy Review

2. The review of the Anti-Fraud and Corruption Policy, Anti-Money Laundering Policy and Anti-Bribery Policy confirmed that the policies remain fit for purpose and no material amendments were required. Therefore, the policies have purely been updated to reflect current job titles and to put them into the Corporate Policy templates. For purposes of clarity, all of these policies apply not only to employees and Members of this Authority, but also to suppliers and contractors engaged by this organisation to deliver goods or services.

Review of Plans and Framework

3. **The Anti-Fraud and Corruption Framework 2025-2027** - The Authority has a range of policies and procedures designed to manage and mitigate the risk of fraud. This framework brings these components together into a single document for ease of reference and provides a systematic and cohesive approach to fraud risk reduction.
4. This framework provides a definition of fraud, describes the key policies and procedures that help detect, prevent and investigate fraud, and clarifies the roles and responsibilities of managers and Members in combatting fraud. A copy of the Anti-Fraud and Corruption Framework 2025-2027 is available at **Appendix 1** for Members consideration and approval.
5. **Anti-Fraud and Corruption Plan** - Also included in the Framework is a two-year Anti-Fraud and Corruption Plan setting out the key objectives and activities intended to minimise financial loss, and the other risks associated with fraud. In particular, the Plan seeks to build a strong anti-fraud culture across all parts of the Authority, pre-disposed to prevent and detect fraud and able to recognise and report any suspicious or inappropriate behaviour at an early stage and thereby reduce the number and scale of cases.

6. It sets out four key objectives which aim to fight against fraud and corruption. An action plan is included to provide a timeline of actions and aligns a responsible officer for each action to ensure the Authority continues to strengthen its Anti-fraud and Corruption work. The Plan is attached at **Appendix 2**, for Members consideration and approval.
7. **Fraud Response Plan** - The Response Plan covers the process for investigating allegations of fraud or corruption where a complaint has been received or a suspicion reported relating to any type of fraud (financial or otherwise), irregularity or unethical behaviour. The guidance provided within this plan remains current. Minor amendments to job titles have been applied however, but they do not impact on the principle of the Plan.
8. **Fighting Fraud and Corruption Locally** - The Fighting Fraud and Corruption Locally 2020 (FFCL) is an updated Fraud and Corruption Strategy for local government. This Strategy sets out best practice and is intended to provide guidance to all those charged with governance in local authorities including those on audit committees and with portfolio responsibility. It is produced as part of the Fighting Fraud and Corruption Locally initiative, a partnership between local authorities and key stakeholders, and succeeds the previous government strategies written in 2011 and 2016.
9. A checklist to assist local authorities to monitor their control measures for fraud and corruption prevention has been incorporated within the Strategy. It is proposed therefore that this will be embed into existing monitoring practices so that identified actions can be reported to this committee. The checklist is available at **Appendix 3** for Members information.

IMPACT ASSESSMENT

10. There are no direct impacts from the contents of this report which cannot be contained within existing budgetary provision.

RECOMMENDATIONS

11. Members are requested to:
 - 11.1 Review and agree the updated Anti-Fraud and Corruption Framework (paragraph 3 and 4 and **Appendix 1** refer).
 - 11.2 Review and agree the Anti-Fraud and Corruption Plan (paragraph 5 and 6 and **Appendix 2** refer).
 - 11.3 Consider and note the inclusion of the Fighting Fraud and Corruption Locally (FFCL) checklist within the Authority's monitoring practices (paragraph 8 refers and **Appendix 3**).

ANTI-FRAUD AND CORRUPTION FRAMEWORK 2025-2027

Updated 6 November 2024



**Kent Fire &
Rescue Service**

together

INTRODUCTION

1. The 2019 Financial Cost of Fraud Report estimated that fraud costs the UK between £130 billion and £190 billion of which Local Government account for in excess of £2.2 billion (11% of total public sector fraud). [According to the Annual Fraud Indicator 2023](#) (published by Crowe, Peters & Peters and the University of Portsmouth) the estimated annual losses to fraud in the UK could now be around £219 billion of which £50.2 billion (22%) is estimated to be Public Sector Fraud. The Kent and Medway Fire & Rescue Authority employs around 1,500 people and spends around £94m of public money each year. In addition to providing direct services, the Authority works closely with an ever-increasing range of delivery partners, contractors and voluntary organisations in working to make the community of Kent a safer place. Increasingly, we offer access to services and to personnel electronically, actively encouraging our community to contact us in this manner.
2. The scope, size and increasing complexity of these arrangements means that there is an ever-present risk of loss of assets, damage to our reputation or misuse of information due to theft, fraud or corruption, either perpetrated internally or externally. Thankfully, the number of known cases of fraud and corruption is very small and the nature of the incidents which do come to light is limited. Nonetheless, the Authority is not immune to fraud and corruption and it is important that we put in place the necessary processes to safeguard the Authority from the potential threat of loss or damage as effectively as possible.
3. The Anti-Fraud and Corruption Framework consists of the entirety of the policies and procedures introduced to combat fraud allied to the prevailing culture of the Authority and is intended to provide clarity about the Authority's attitude, approach and response to managing the risk of fraud.

LINKS TO STRATEGIC OBJECTIVES AND RISK

4. Counter fraud and corruption activity links to the Authority's objective to the delivery of value for money and a major financial loss due to fraud or related activity features in the Authority's risk register. Losses occurring from undiscovered fraud can impact directly on the financial viability of the Authority and therefore its ability to deliver services. Inappropriate decisions or contracts entered into as a result of corruption can result in ineffective and overpriced services. Persistent incidences of fraud and corruption undermine the confidence of the public and stakeholders and make it more difficult for the Authority to engage with partners and the community at large. Every penny lost in this way is a penny less that can be spent on delivering quality services or which has to be found in additional savings. Preventing and detecting fraud therefore has a subtle but no less important part to play in ensuring the effectiveness of the Authority.

PURPOSE OF THIS DOCUMENT

5. The Authority has implemented a range of policies and procedures designed to manage and mitigate the risk of fraud. This framework brings these components together into a single document for ease of reference and to provide a systematic and cohesive approach to fraud risk reduction.
6. This framework provides a definition of fraud, describes the key policies and procedures that help detect, prevent and investigate fraud, and clarifies the roles and responsibilities of managers and Members in combatting fraud. Also, as part of the framework is a new three-year anti-fraud and corruption plan setting out the key objectives and activities intended to minimise financial loss and the other risks associated with fraud. In particular, the plan seeks to build a strong anti-fraud culture across all parts of the Authority, pre-disposed to prevent and detect fraud and able to recognise and report any suspicious or inappropriate behaviour at an early stage and thereby reduce the number and scale of cases.

WHAT IS FRAUD AND CORRUPTION?

7. **Fraud:** The Fraud Act 2006 came into force on 15 January 2007 as a response to the Law Commission report "Fraud", published in 2002. The act repeals the deception offences enshrined in the 1968 and 1978 Theft Acts, replacing them with a single offence of Fraud, which can be committed in three ways:
 - False representation
 - Failure to disclose information where there is a legal duty to do so
 - Abuse of position

The act also created four new offences of: -

- Possession of articles for use in fraud
- Making or supplying articles for use in fraud
- Obtaining services dishonestly
- Participating in a fraudulent business.

Whilst the act does not provide a single definition of fraud it may be described as follows:
"Making dishonestly a false representation with the intention to make a gain for oneself or another, or, to cause loss to another or expose him/her to the risk of loss."

Or more simply: -

"Dishonest conduct with the intention to make a gain or cause a loss or the risk of loss to another."

8. **Theft:** Theft is defined in the 1968 Theft Act as “*A person shall be guilty of theft if he/she dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it*”
9. **Corruption:** Corruption may be defined as “*The offering, giving, soliciting or acceptance of any inducement or reward which would influence the actions taken by a body, its members or officers.*”

THE ANTI-FRAUD AND CORRUPTION FRAMEWORK

10. This framework is not just about controls and procedures. Whilst these are important in ensuring that the mechanisms are in place to prevent, detect, investigate and deter fraud and corruption, the underlying culture of the organisation sets the tone for the behaviour of all those associated with it. As important, is that the Authority demonstrates its approach to fraud by its deeds as well as by its words. The framework therefore encompasses the following aspects.
11. The Anti-Fraud and Corruption Policy: This high-level document sets out the Authority's overall approach to the prevention of Fraud and the response to incidents where fraud is suspected or detected. This document has the status of a policy applicable to both Members and employees. The current policy is available here. *(insert link to latest policy on publication)*
12. The Anti-fraud and Corruption Plan: This document sets out the key objectives for the Authority in developing and improving the anti-fraud and corruption framework and the main activities planned to prevent, detect, investigate and address the key fraud risk issues. It includes an action plan to implement any improvements to the processes and procedure in place to address any risks identified through the fraud risk assessment. Link to the Anti-Fraud and Corruption Plan for 2025-27 *(insert link to latest policy on publication)*
13. Key Procedures, Processes and Financial Regulations: Whilst all activities involving financial or other assets, information management or personnel related activities, there is a need to be mindful of the potential for bribery fraud and corruption and as such, make appropriate arrangements to minimise the risks associated with these activities. There are a number of key processes which are essential to ensure an effective and cohesive response to these threats. These processes, which need to specifically address the issue of Bribery, form an integral part of this framework, they are: -
 - i) Anti-Money Laundering Policy & Procedures
 - ii) Anti-Bribery Policy
 - iii) Code of Ethical Conduct (employees)
 - iv) Code of Conduct for Members of the Fire Authority
 - v) The Speak Up Policy
 - vi) The Gifts and Hospitality Policy

- vii) Declaration of Interests and Related Party Transactions Procedures.
 - viii) Disposals Policy
14. The National Fraud Initiative: This is a biennial government initiative coordinated by the Cabinet Office involving the downloading of data from payroll, pension and creditor databases and cross matching with similar data from other government and public sector bodies. The intention is to identify data matches which could potentially indicate fraud or financial loss. The Authority is required to participate in the exercise and to investigate any matches that arise from the process. The output from the data matching exercise also forms an important part of the risk assessment process by identifying those areas subject to the highest risk of problems and is a useful barometer of the likelihood of fraud being perpetrated against the Authority.
15. The Fraud Response Plan: The fraud response plan sets how the Authority would respond to suspected or apparent irregularities, fraud or corruption perpetrated against it. It is important that employees in general and managers in particular are clear about what to do if they suspect a fraud or other irregularity has been perpetrated. The fraud response plan provides guidance and contact information to enable such incidents to be promptly reported investigated and resolved to mitigate further losses, initiate recovery where possible, instigate additional preventative measures and identify the perpetrator as quickly as possible. The Fraud Response Plan is available here. *(insert link to latest policy on publication)*
16. There are a number of other internal control procedures which also contribute to the anti-fraud framework. These include the Procurement Regulations, Recruitment and Selection Procedures, Financial Regulations and Information Technology Policy, Artificial Intelligence Policy and the Data Protection Policy. Whilst the key policies and procedures referred to in paragraph 13 detail “what” the Authority will do to combat fraud and corruption, these procedures set out “how” it is done and therefore constitute an important element of the framework as a whole.

ROLES & RESPONSIBILITIES

17. The responsibility to prevent, detect and report fraud cannot rest with an individual or group of individuals. Rather, it is the responsibility of all employees, Members and stakeholders associated with the Authority to ensure robust procedures and controls exist to deter or prevent fraud and corruption and to report any concerns they may have where these might be being breached. The Code of Governance does however place a responsibility on Members and senior managers to demonstrate leadership in such matters by their personal actions and in creating a culture of zero tolerance to fraud and corruption, as well as ensuring that an adequate control framework exists.
18. All managers retain a duty to ensure compliance with the control framework in operation and to act to prevent any potential breaches of these controls. In addition, all employees

are required to report any concerns or evidence they have about the conduct or behaviour of anyone associated with the Authority if they believe it may constitute a risk of fraud or corruption, however minor, in accordance with the Fraud Response Plan. There is therefore no one individual with responsibility for the framework. Instead, individual elements and processes fall to specific post holders to implement and maintain, with a collective management responsibility for the overall process.

CONCLUSION

19. The Authority has not experienced many incidents of detected fraud or corruption, and it would be easy to dismiss this framework as unnecessary. It pays to remain vigilant however, and to ensure that complacency does not allow any individual the opportunity to benefit from lax systems or lack of diligence and to perpetrate acts of theft, misuse of assets or corruption to the detriment of the Authority as a whole. This framework, when properly implemented and monitored, will ensure that it remains difficult to carry out any acts of fraud or corruption against the Authority without the fear of detection and redress.

Anti-Fraud and Corruption Plan 2025-2027

Introduction

1. The Anti-Fraud and Corruption Plan is designed to be considered alongside the Anti-Fraud and Corruption Policy. The Plan forms part of the Anti-fraud and Corruption Framework to minimise the risk of fraud, detect it early and respond robustly against the perpetrators of fraud.
2. The Plan sets out four key objectives which aim to fight against fraud and corruption. An action plan is included within the Plan to provide a timeline of actions and aligns a responsible officer for each action to ensure the Authority continues to strengthen its Anti-fraud and Corruption work.

Factors influencing the development of the Plan

3. A major fraud could cause significant disruption to the Authority and result in losses of public money. This Plan therefore takes a holistic look at both internal and external factors to ensure a robust approach in preventing and detecting fraud and corruption.
4. **External Guidance** – Based on the 2023 ‘Annual Fraud Indicator’ the Financial Cost of Fraud Report in the UK is reported to be £219 billion of which £50.2 billion are public sector fraud losses. This is an increase of £29 billion since 2017. Unfortunately, public bodies are regularly targeted by fraudsters, however the Government and CIPFA continue to provide guidance to assist in addressing the effect that fraud and corruption has on the public purse. The Authority commits to the National Fraud Initiative (NFI) which has helped to detect and prevent £443 million in the period April 2020 to March 2022 and a cumulative £2.4 billion since its creation in 1996.
5. **Statutory Guidance** - Several significant pieces of legislation have been passed in recent years stating that the Authority must consider and ensure significant and proportionate policies, procedures and measures are in place to meet the requirements of the legislation. This is supported by the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption Guidance where the Code is comprised of 5 key principles:
 - acknowledge the responsibility of the governing body for countering fraud and corruption
 - identify the fraud and corruption risks
 - develop an appropriate counter fraud and corruption strategy

- provide resources to implement the strategy
 - take action in response to fraud and corruption
6. The most recent pertinent legislation includes: The Bribery Act 2010 and the Money Laundering Regulations 2017 and subsequent amendments. However, the Government is also creating a new Failure to Prevent Fraud Offence under the Economic Crime and Corporate Transparency Act which is expected to come into force in late 2024/ early 2025. The new offence makes an organisation liable if it fails to prevent a fraud offence from being committed where: (i) an employee or agent commits the fraud; and (ii) the fraud is intended to benefit the organisation or a person to whom services are provided on behalf of the organisation.
 7. **Corporate Risk Management** - Fraud is an implied risk in the corporate risk register, for example the risk of “if the Authority suffers a major unfunded loss, then additional in year savings would be required.” Fraud could of course be the reason for a major unfunded loss that could have severe impacts on the Authority.
 8. **Collaborative Working** - The Authority prides itself on its collaborative working, however this does open up avenues for fraudsters to exploit, in which they may target one of the Authority’s collaborators. The Authority must be satisfied that any resources committed to collaboration are protected and accounted for.
 9. **Agile Working** – The Covid 19 pandemic and lockdown requirements led the Authority to adopt a ‘work from home arrangement’ for many of its workforce. As the pandemic eases the Authority has commenced implementing a more agile, hybrid working arrangement for its employees. However, this brings with it a number of potential security and fraud risks including email spoofing and impersonation frauds, phishing, vishing and malware attacks and the possibility of inflated hours worked. It is important that all employees are alert to the potential of fraud attacks and that the Authority is aware of the ‘actions’ of its employees whilst they are working away from their formal workplace and as such appropriate controls are in place to limit potentially fraudulent activity.
 10. **Artificial Intelligence** - The introduction of Artificial Intelligence (AI) technology into the workplace is bringing with it a number of new threats and challenges from a fraud and security perspective. It is believed that 77% of companies utilising AI within the workplace have already faced AI breaches ranging from counterfeit identities of individuals and companies, fake websites, forged documents and ransomware. It is important that teams are aware of these additional sophisticated risks and appropriate security controls are implemented and regularly reviewed.
 11. **Claims Culture** - The growing claims culture within the UK means that the Authority could be susceptible to fraudulent claims for: motor, personal injury and employer’s

liability. The Authority should consider this and ensure it has adequate protection and skilled employees to avoid these successful fraudulent claims.

Objectives of the Plan

12. The Plan has four key objectives which are detailed below:

- To accurately identify and assess the risk of fraud, corruption and bribery
- To continue to build upon a strong anti-fraud culture across the Authority and take appropriate action against those found to have acted inappropriately.
- Build upon control mechanisms and procedures within the Authority ensuring they are adequate, appropriate and proportionate.
- To review and maintain an effective and robust response to incidents of identified fraud, corruption or bribery, including the provision of appropriate sanctions against those committing fraud or corrupt activities.

Objective 1 - To accurately identify and assess the risk of fraud, corruption and bribery

13. The Authority has in recent years had a low level of detected fraud, bribery and corruption, this is primarily due to the nature of the Authority's remit, for example the Authority does not make benefit payments where statistics show fraud levels are high. Nevertheless, the Authority is still exposed to a number of activities that could leave it subject to attempted fraud, it is therefore imperative that the Authority is prepared for this.
14. To meet this objective, the Internal Audit Team consider the risk of fraud as part of their assurance within each audit and a fraud risk opinion is provided as part of the annual opinion to members. As part of the Internal Audit contract, a Counter Fraud specialist attends the quarterly internal audit meetings to discuss the potential threat of fraud facing the Authority and will assist in determining the appropriate level of response to avert that threat. The provision of additional fraud risk support is available to us should we require it.
15. **The Audit and Governance Committee** will be expected to provide independent assurance to the Authority of its fraud risk management through monitoring and approval of the effectiveness of the Anti-Fraud and Corruption Plan, the Anti-fraud and Corruption Framework and the associated policies.

Objective 2 - To continue to build upon a strong anti-fraud culture across the Authority and take appropriate action against those found to have acted inappropriately

16. Despite low levels of detected fraud within the organisation the Authority takes its responsibilities seriously for ensuring a strong anti-fraud culture. It is essential that all employees and stakeholders are engaged in the prevention and detection of fraud and that the Authority openly demonstrates its zero-tolerance approach to fraud, corruption and bribery and its correlation to the Seven Nolan Principles of Public Life and our Code of Ethical Conduct.
17. The activity around this objective will focus on ensuring that the Authority's stance regarding fraud is clearly published in all relevant documents and processes including but not restricted to recruitment, procurement, partnership and management processes as well as its approach to dealing with the public.
18. The Authority will also work to continually improve the provision of information to raise awareness and understanding of current fraud risks to help protect both the organisation and its individuals.

Objective 3 - Build upon control mechanisms and procedures within the Authority ensuring they are adequate, appropriate and proportionate

17. The Authority recognises the importance of a strong system of governance and internal controls and has robust arrangements in place. However, it is recognised that the working environment particularly during the Covid pandemic and austerity has changed and therefore controls and procedures must be regularly reviewed and updated to ensure relevancy and robustness.
18. The Internal Audit plan includes an annual risk assessment. Internal Audit are required by professional standards to be alert to the possibility of fraud and so in order to meet this, Internal Audit look at controls that are in place to mitigate any fraud risks. The fraud risk to the Authority is not deemed significant enough to justify an annual fraud specific audit.
19. As part of an ongoing commitment to detecting and preventing fraud the Authority is committed to improving the skills and knowledge of its officers and Members. The Internal Audit plan, over the next three years, and the Anti-fraud plan includes provision for the delivery of Fraud awareness sessions to both operational and non-operational staff and the Authority's members.

Objective 4- Review and maintain an effective and robust response to incidents of identified fraud or corruption

20. The Authority maintains a Fraud Response Plan which clearly demonstrates the Authority's zero tolerance to fraud and the planned, consistent approach that will be taken should a suspected fraud be reported.

21. The Speak Up policy, Code of Ethical Conduct and Nolan Principles are readily available for employees to view/access on the intranet.

Conclusion

22. It is imperative that the Authority demonstrates its commitment to fighting fraud and its zero-tolerance approach. A key part of this will be to continually raise awareness of fraud, implement and ensure processes operate to deter, detect and pursue fraudsters. The Plan sets out the actions the Authority will take to continue to build upon existing Anti-fraud plans.
23. The draft action plan enclosed in this document incorporates the activities highlighted in the preceding paragraphs.

Anti-Fraud and Corruption Action Plan 2025-2027

Action Number	Action	Responsible Officer(s)	Target Date	Progress/ Commentary
Objective 1- To accurately identify and assess the risk of fraud, corruption and bribery				
1	Review the action plan yearly to combat the risks of fraud identified by the annual risk assessment.	Senior Accountant	Quarter 2 each year	A review to be completed in line with the Internal Audit annual opinion and any Fraud Risk Workshops implemented.
2	Any potential fraud related issues will be discussed at the quarterly internal audit meetings.	Director Finance & Corporate Services, Head of Finance, Treasury and Pensions, Senior Accountant	Quarterly	This is a standing item on the agenda
3	Review the NFI data matches to identify any issues and trends, updating the risk assessment accordingly.	Senior Accountant	January 2025 and January 2027	In line with NFI bi-annual audit
4	Undertake annual risk assessment and provide assurance to members.	Head of IA	Quarter 1 each year	Based on considerations included within all audits undertaken
Objective 2- To continue to build upon a strong anti-fraud culture across the Authority and take appropriate action against those found to have acted inappropriately.				
5	Review and update the Anti-fraud and corruption framework	Senior Accountant	Annually in Quarter 2	Reviewed in August 2024
6	Work with the Engagement Team to utilise National Fraud Awareness Campaigns during National Fraud awareness week 2 nd week in November to maintain staff awareness.	Senior Accountant	2 nd week in November each year	
7	Implement Fraud Awareness videos produced by KCC Counter Fraud team for - fraud risks within financial transactions, recruitment and insider fraud and procurement fraud. To be available for all employees to view to raise awareness of fraud, corruption and bribery with the aim of continuing to build upon a zero-tolerance culture.	Head of IA/ KCC Counter Fraud	January 2025	Videos have been created and are awaiting final review before being released,
8	Team specific fraud training sessions to be provided for Building Safety and Business Support Teams	Head of IA/ KCC Counter Fraud	Biannually	

9	KCC Counter Fraud Team to provide Fraud Awareness presentations at Staff seminars including Fire Futures, Corporate Staff and Station Managers	Head of IA/ KCC Counter Fraud	Annually	
10	KCC Counter Fraud Team to conduct a Counter Fraud Cultural Survey across the service to inform the requirements of future workshops	Head of IA/ KCC Counter Fraud	February 2025	Survey format agreed
11	Internal Audit to provide Counter Fraud Culture Workshops, targeting a wide range of roles across KFRS employees on a biannual basis.	Head of IA/ KCC Counter Fraud	2025/26	
1	Risk Management Training for Authority Members at Audit & Governance Committee	Strategy & Risk Manager	January 2025	Training will cover the new process, what we have done, the current risks, bow tie analysis,
12	Training on Financial Statements for Members of Audit & Governance Committee	CIPFA	September 25	
13	Counter Fraud Culture presentation to Authority Members at Audit & Governance Committee	Head of KCC Counter Fraud	December 25	
14	Finance, Procurement and Customer Support Teams to utilise the free online Fraud Awareness training events provided by the banks.	NatWest, Barclays	Ongoing	Both banks provide regular training videos and information alerts
15	Annual review of procurement procedures to combat fraud and corruption.	Head of Commercial and Procurement	Ongoing	
16	To disseminate any fraud alerts received from KCC Internal Audit & Counter Fraud Team, Kent Police, CIPFA, Action Fraud and CIFAS to raise awareness of emerging fraud risks.	Senior Accountant	Ongoing	
Objective 3- Build upon control mechanisms and procedures within the Authority ensuring they are adequate, appropriate and proportionate.				
16	Ensure the policies and procedures below are reviewed and updated in line with new legislation and publications. <ul style="list-style-type: none"> • The Anti-fraud and Corruption Framework • The Anti-fraud and Corruption policy • The Anti-Fraud and Corruption Plan • The Fraud Response Plan 	Senior Accountant	Ongoing	Last reviewed August 2024

	<ul style="list-style-type: none"> • The Anti-bribery policy • The Money Laundering Policy • The Speak Up policy 	HR & Culture Director		
17	Complete a Purchasing Card transaction audit with a focus on potential risks of fraudulent activity	Internal Audit/Finance Team	2026/27	Internal review of purchasing card use and spend is ongoing
18	Identify a process for ensuring new employees are appropriately trained and understand the correct processes, procedures and controls when dealing with all financial/ payroll transactions, particularly when working from home.	HR & Culture Director	2025	A review of the induction programme is currently in place which will consider the appropriate fraud risk training to be implemented
19	An annual discussion with IT to ensure regular health checks, reviews/test have been undertaken to ensure the security of the IT infrastructure.	Head of IT	Ongoing	Cyber prevention review has been completed in 2024 instigated by FRIC.
Objective 4- Review and maintain an effective and robust response to incidents of identified fraud or corruption.				
20	Where appropriate continue to circulate and identify information relating to potential frauds and review internal procedures to minimise the probability of similar future situations against the Authority.	Senior Accountant	Ongoing	

Revised by	Head of Finance, Treasury and Pensions
Date implemented	November 2024
Revision No	3
Review By	31 March 2025

Kent Fire and Rescue Checklist

Senior Stakeholders	Checklist Requirement	KFRS Lead Assessment
Head of Paid Service/Chief Executive	Ensure that your authority is measuring itself against the checklist for FFCL	Review of checklist to be completed. Outcomes and actions required to be reported to the next Audit and Governance Committee
	Is there a trained counter fraud resource in your organisation or do you have access to one?	Yes – our Counter Fraud resource is procured externally from Kent County Council under the Internal Audit SLA
	Is the audit committee receiving regular reports on the work of those leading on fraud and is the external auditor aware of this?	Consideration for fraud is applied by Internal Audit to all audits completed and by external audit during the final accounts audit which is reported to the Audit and Governance Committee. A Counter Fraud Report will be submitted to Audit & Governance Committee annually.
Section 151 Officer	Is there a portfolio holder who has fraud within their remit?	The Authority, through the Audit and Governance Committee, does have a remit for fraud. There is no portfolio holder who is singularly responsible for fraud. The Finances of the Authority are the responsibility of the Treasurer (Director Finance and Corporate Services) and the review of processes and procedures is provided by the Audit and Governance Committee.
	Is the head of internal audit or counter fraud assessing resources and capability?	A budget is agreed annually under the KCC SLA for Internal Audit which includes a provision for Counter Fraud resource. The Director of Finance and Corporate Services reviews the budget against the work identified by the Head of Internal Audit and the Counter Fraud team for the coming year. Where an increased budget is required the Director of Finance and Corporate Services has the delegation to agree an increased budget to assist with their own legal requirement to ensure the Authority has effective financial controls in place.
	Do they have sufficient internal unfettered access?	Access to information is available and supported by Senior Officers subject to Data Protection Compliance Requirements.
	Do they produce a report on activity, success and future plans and are they measured on this?	A Fraud action plan is agreed with the Head of Counter Fraud at KCC annually. Regular update reports are provided to the Director Finance and Corporate Services. Progress on the agreed fraud action plan is reported to members of CMB.
The Monitoring Officer	Are members, audit committees and portfolio leads aware of counter fraud activity and is training available to them?	Yes – Counter Fraud training is provided to Audit & Governance members. Corporate risk management training is also provided.
	Is the fraud team independent of process and does it produce reports to relevant committees that are scrutinised by members?	Yes – Internal Audit and the Counter Fraud team are independent to the Authority and the service is provided by Kent County Council

Senior Stakeholders	Checklist Requirement	KFRS Lead Assessment
The Audit Committee	Should receive a report at least once a year on the counter fraud activity which includes proactive and reactive work	The Audit & Governance Committee receive a presentation and verbal update each year from the Head of KCC Counter Fraud team in December of each year.
	Should receive a report from the fraud leads on how resource is being allocated, whether it covers all areas of fraud risk and where those fraud risks are measured	The Authority does not have the high risk areas of fraud that are seen in Local Councils. The Head of Internal Audit meets independently with all members of CMB to discuss the forthcoming Internal Audit Plan and aligns the plan with the corporate risk register. As part of the annual Audit Plan resources are allocated annually for counter fraud work.
	Should be aware that the relevant portfolio holder is up to date and understands the activity being undertaken to counter fraud	Not relevant to the Fire Authority as there are no designated portfolio holders. Audit and Governance Committee will receive regular updates from the Head of Internal Audit and an annual report from the Head of Counter Fraud.
	Should support proactive counter fraud activity	Members of Audit & Governance Committee have the opportunity to review and ask questions of the information presented to them. Senior Officers recognise ownership of counter fraud prevention activities across the Authority
	Should challenge activity, be aware of what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.	Questions and comments received from Audit & Governance Committee will be minuted and actions identified. The Chair of Audit and Governance and the Independent Member has access to independent training sessions held by CIPFA to provide guidance on the latest issues.
	<i>Receives a regular report that includes information, progress and barriers on:</i>	
	The assessment against the FFCL checklist	An assessment against the FFCL is provided to members of the Audit and Governance Committee when it is reviewed bi-annually
	Fraud risk assessment and horizon scanning.	Is undertaken as part of the Internal Audit Planning and Fraud Risk workshops. The findings of which are subsequently reported within the Internal Audit updates and the annual Counter Fraud report to members.

FFCL Check list requirements	KFRS Lead Response
<p>The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its Senior Board and its members.</p>	<p>Risk is reviewed quarterly during internal meetings held with Risk Owners and updates are regularly provided to CMB. A&G Committee receive Corporate Risk updates twice a year. Reports from the Chair of A&G are provided to Authority annually.</p>
	<p>Fraud and Corruption workshops are held every 2 years to enable the authority to make a proper assessment of its fraud and corruption risks, from which the Fraud plan is reviewed and updated. CMB receive a progress report against the Fraud plan and a report from the Head of Counter Fraud at KCC on the fraud culture questionnaire findings.</p>
<p>The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community.</p>	<p>The Authority holds a central Risk Register. Each risk is assessed and scored and those higher risks are fed into the Strategic /Corporate Risk register.</p> <p>The Finance Team maintains an internal Fraud Risk Register that identifies key fraud and corruption risk areas identified through the risk workshops held and any identified external fraud attempts made to ensure pro-active training is provided which underpins the fraud plan.</p>
	<p>Horizon scanning occurs as BAU, with national information obtained from National Anti-Fraud Network, Chartered Institute of Finance and Accountancy, Action Fraud, Cifas (UK's fraud prevention service)</p>
<p>There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 and this checklist.</p>	<p>Audit and Governance are provided with a review against the checklist.</p>
<p>The relevant portfolio holder has been briefed on the fraud risks and mitigation</p>	<p>Kent Fire and Rescue Governance arrangements do not have designated Portfolio Holders.</p>
<p>The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources</p>	<p>Terms of Reference for the Audit and Governance Committee covers the requirement for them to ensure that the level of activity is appropriate in terms of fraud risk and resources.</p>
<p>There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.</p>	<p>The Anti-Fraud and Corruption is supported by and embedded in a number of policies: - Anti-fraud & Corruption Policy, Anti Bribery policy, Anti Money Laundering policy, Anti-fraud and Corruption Plan, Fraud Response Plan.</p>
<p>The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.</p>	<p>KFRS Code of Ethical conduct is based on the Nolan Principles and are designed to ensure staff act in the best interests of the Authority ahead of personal interests.</p>
<p>The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.</p>	<p>Fraud and Corruption risk is embedded into the Strategic/Corporate Risk Register.</p>
<p>Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments, and this is reported upon to committee.</p>	<p>Counter Fraud Policies, Framework and plans are reviewed by KCC Counter Fraud Manager every 3 years.</p>

FFCL Check list requirements	KFRS Lead Response
Successful cases of proven fraud/corruption are routinely publicised to raise awareness.	Transparency reporting requires the Authority to publish publicly the amount of fraud/corruptions cases per year and the potential financial loss.
The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.	Within the financial framework of documents there is a requirement for all staff to report financial irregularities to the Director of Finance and Corporate Services who will inform Internal Audit (KCC). For serious allegations the Counter Fraud Team (KCC) will be notified.
The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:	
– codes of conduct including behaviour for counter fraud, anti-bribery and corruption	The Authority has a Code of Ethical conduct
– register of interests	Related Party declarations are required for all Members, Senior Officers and Budget holders on an annual basis which is audited by external audit as part of the annual financial closedown audit. Members are requested to disclose any interests in any reports presented at meetings by the Committee Clerk at the commencement of meetings.
– register of gifts and hospitality.	The gifts and hospitality register is reviewed and authorised by the Chief Executive
The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in FFCL 2020 to prevent potentially dishonest employees from being appointed.	Checks on identification, references and qualifications is conducted as part of the recruitment process to identify any false applications by recruitment managers and People Services. A DBS check is carried out for all new staff.
Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.	This is included in the Code of Ethical Conduct for staff, annual reminders are issued by staff officers of the need to record any offers or acceptance of gifts and hospitality.
There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.	Fraud awareness is available through e-learning and videos produced by the KCC Counter Fraud Team and face to face workshops for varying roles across teams. Members of A&G, Senior Officers and key Finance staff are also provided with Risk Awareness and Management Training. All Fraud Awareness weeks or National Fraud awareness events are promoted across the Authority as part of the One Team e-bulletins. The Speak up Policy is reviewed every three years and sets out guidance for the different ways suspicions of fraud and corruption can be reported.

FFCL Check list requirements	KFRS Lead Response
Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistle-blowers.	As part of our procurement projects, contractors and third parties are evaluated on their commitment to the obligations of the Modern Slavery Act, signing up to the Government Portal to ensure areas for improvement are identified, managed and monitored. The Act ensures that the human rights of everyone connected to the entire supply chain are protected, which includes the freedom to speak out. We also have a Supplier Code of Conduct that has been approved by our Corporate Management Board, and Authority. The Code requires any third party to align with our values and will be included within our procurement projects and monitored as part of our contract management processes.
Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.	A review of resources is completed annually with Internal Audit (KCC) as part of the next years audit plan.
There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.	The Fraud Plan is presented to Audit & Governance Committee annually.
Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.	The Authority does not have the level of high risk to fraud that a Council does as funding comes direct from Central Government or other Local Authorities in the form of precept payments.
Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.	The Counter Fraud services are provided by Kent County Council, any information required for the purposes of counter fraud investigation would be discussed and arranged with the Director of Finance and Corporate Services.
There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the Authority's communications team.	The Engagement team assist with the annual promotion of National Fraud Awareness week and transparency reporting requirements state that the Authority has to report annually on the number of fraud cases and estimate the financial impact.
All allegations of fraud and corruption are risk assessed.	Allegations of fraud and corruption would be discussed with the Head of Counter Fraud at KCC for advice and risk assessment.
The fraud and corruption response plan covers all areas of counter fraud work: – prevention – detection – investigation – sanctions – redress	Fraud Action Plan (Response plan) Includes activity and resources to progress each area.
Asset recovery and civil recovery are considered in all cases.	As part of the investigation plan, asset recovery and civil recovery is a factor investigators have to address during the investigation.

FFCL Check list requirements	KFRS Lead Response
There is a zero-tolerance approach to fraud and corruption that is defined and monitored and which is always reported to committee.	The Anti-Fraud and Corruption Policies have a zero tolerance to fraud and requires incidents of financial irregularity to be reported to the Director of Finance and Corporate Services and Director HR and Culture
There is a programme of proactive counter fraud work which covers risks identified in assessment.	Fraud Action plan includes fraud awareness in key fraud risk areas this is reviewed annually as well as having the ability to be agile to react to emerging risk areas.
The counter fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.	Collaborative working with District authorities occurs through the Kent Intelligence Network.
The local authority shares data across its own departments and between other enforcement agencies.	Use of the National Intelligence Model, allows data to be shared with other enforcement agencies on a case by case basis.
	KFRS subscribe to the National Fraud Initiative which collects data from across a number of departments and external agencies to detect fraud occurring.
	Local Councils are members of the Kent Intelligence Network which is promoting further data sharing activity to support the detection of fraud, particularly with regard to Business Rates and Council Tax
Prevention measures and projects are undertaken using data analytics where possible.	If data analytics were available they would be considered as part of the considered prevention measures.
The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools.	Access to Knowledge hub is in place for all KCC Counter Fraud Team members; however, need to assess the benefit of this as the hub is still in its early stages of development.
The counter fraud team has access to the FFCL regional network.	The KCC Counter Fraud Team has access to the FFCL regional network.
There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.	All KCC Internal Audit staff are ACFS qualified and progressing a case to join the Government Counter Fraud Profession.
The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.	Through work with services and the Combined Audit Knowledge & Experience there is good access to knowledge on how all areas across the Authority operate. Relationship management is in place to help identify any changes in processes/ practices.
The counter fraud team has access (through partnership/ other local authorities/or funds to buy in) to specialist staff for:	Expertise is in place within KCC Counter Fraud Team as well as access to further specialist support from Trading Standards (Surveillance, Asset Recovery and financial investigations) & ICT security (Computer forensics)
– surveillance	
– computer forensics	
– asset recovery	
– financial investigations	As part of the investigation process the investigation report provides management with areas of weaknesses in the control environment with recommendations if required being made to capture management responses.
Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.	

FFCL Check list requirements	KFRS Lead Response
Prevention measures and projects are undertaken using data analytics where possible.	If data analytics were available they would be considered as part of the considered prevention measures.
The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools.	Access to Knowledge hub is in place for all KCC Counter Fraud Team members; however, need to assess the benefit of this as the hub is still in its early stages of development.
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The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.	Through work with services and the Combined Audit Knowledge & Experience there is good access to knowledge on how all areas across the Authority operate. Relationship management is in place to help identify any changes in processes/ practices.
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– surveillance	
– computer forensics	
– asset recovery – financial investigations.	
Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.	As part of the investigation process the investigation report provides management with areas of weaknesses in the control environment with recommendations if required being made to capture management responses.

By: Chair of Audit and Governance Committee

To: Kent and Medway Fire and Rescue Authority – 6 November 2024

Subject: CHAIR OF AUDIT AND GOVERNANCE COMMITTEE'S REPORT TO THE AUTHORITY

Classification: Unrestricted

FOR DECISION

SUMMARY

This report provides a summary of the activities undertaken during the year by this Committee and therefore demonstrates to the Authority the effectiveness of this Committee in assessing and maintaining the organisation's internal control environment and governance arrangements.

Members of the Audit and Governance Committee have received specialist training and presentations to not only enhance their understanding and knowledge but to also support them in gaining assurance in the breadth of issues within the remit of this Committee. A number of reports have been reviewed and recommendations made.

RECOMMENDATION

Members are requested to:

1. Agree the contents of the report which is to be presented to the next Authority meeting in February 2025.

LEAD/CONTACT OFFICER: Director, Finance and Corporate Services – Alison Hartley
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BACKGROUND PAPERS:

COMMENTS

Background

1. At the February 2021 meeting of the Authority, it was agreed that an Audit and Governance Committee would be established to help support and enhance all the key aspects of good governance. The Chartered Institute of Public Finance and Accountancy (CIPFA) provides clear guidance and a Position Statement on the function and operation of Audit Committees alongside recommended best practice.
2. Audit Committees are a key component of any authority's governance framework and are there to provide an independent and high-level resource to support good governance and strong public financial management. It also provides independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing internal and external audit, it makes an important contribution to ensuring that effective assurance arrangements are in place.
3. This annual report of the Committee's work covers the period from September 2023 to November 2024, during which there have been three meetings held, excluding this one. The meetings are essentially timed around key aspects of work that are to be reviewed in a financial year, hence the meetings have been held in September 2023, January and April 2024, and as such cover these main areas of activity: Governance, Risk and Control, Internal Audit, External Audit, Financial Reporting.

Audit and Governance Committee

4. The Committee consists of eleven members and are independent from the Full Authority, meeting three times a year. Mr Vince Maple is the presiding Chair with Mr Barry Kemp as Vice Chair. The Chief Executive, Director of Finance and Corporate Services, Director of Prevention, Protection, Customer Engagement and Safety, Director of Response and Resilience, External and Internal Auditors are invited to all Committee meetings.
5. Training is an essential element for an Audit Committee. This year the Committee has received presentations from Link Asset Group, the Authority's Treasury advisors, which covered the latest economic update and provided an overview and benchmarking of the Treasury functions of the Authority. Further training has also been provided by the Project Delivery Manager on the managing and monitoring of Projects and Programmes within the Authority.
6. The Committee has developed a structured work programme which maps out its activities on an annual basis.

Governance, Risk and Control

7. Members of the Audit and Governance Committee have received and reviewed two reports on the Corporate Risk Register. Initially an in-year update was provided on the Corporate Risk register, but in April 2024 a new and more detailed approach to risk management identification, reporting, risk tolerance and risk appetite was taken to the April 2024 meeting for review by the Audit and Governance Committee. Work continues throughout the year to monitor and review the progress made against the identified risk actions of the Corporate Risks, and a mid-year progress report will be presented to the Audit and Governance Committee in January 2025.
8. In April 2024, the Project Delivery Manager presented a Member training session on the approach adopted by the Authority in relation to managing and monitoring projects to ensure the delivery and achievement of expected benefits.
9. The Committee reviewed the Treasury Reports of the Authority and have received a benchmarking presentation from Richard Bason at Link Asset Group which gave assurance that the investments of the Authority were within acceptable risk profiles in comparison with other Fire Authorities and the debt profile of the Authority was in a better position than most comparators. Members of the Committee have also reviewed the Mid-Year Treasury report and Treasury Management Provisional Outturn report 2023/2024 and recommended them to the full Authority for approval at its October 2023 and July 2024 meeting, respectively.
10. The Authority is required to formally review its governance arrangements annually and the Audit and Governance Committee carries out this work on its behalf. This is achieved by the production of an Annual Governance Statement (AGS), which is presented and reviewed to the Committee and then signed by the Chair of the Audit Committee and the Chief Executive of the Authority.

Internal Audit

11. The Internal Audit Service is provided by Kent County Council and the Committee oversees the work undertaken. At the beginning of the year the Committee approved the Internal Audit Plan for 2023/24 which set out the individual audits to be carried out during the financial year.
12. Performance against the plan is monitored through progress reports provided to each meeting, with a verbal update provided by the Internal Audit Manager, who attends the committee meetings. The Annual Report for 2023/24 was presented to the April 2024 Audit and Governance Committee for review and consideration.

External Audit

13. The Audit and Governance Committee receives and approves the External Auditor's Annual Audit Plan, which includes the proposed fee and work programme by Grant Thornton, based on the initial fees set by Public Sector Audit Appointments Ltd (the independent company set up by Government to oversee the procurement process). This was presented and reviewed at the April 2024 meeting of this Committee.
14. In order to assist with the External Audit Risk Assessment, it is now a requirement for Officers to provide details of processes around, Fraud, compliance with Laws and Regulations, related parties, an assessment of the Authority as a "Going Concern" and the Authority's accounting estimates. This document was reviewed at the April meeting of this Committee.
15. The Committee has received updates on the Government proposals to resolve the issues that are now compounding on Local Authority external audits and sign off-of the Financial Statements.

Financial Reporting

16. The Committee has received and considered, at this meeting today, the draft Financial Statements for 2023/24 as approved by the Director, Finance and Corporate Services. A shorter Summary version of the Statements is also provided alongside a presentation of the key areas by officers of the Authority.

Effectiveness of the Audit and Governance Committee

17. This is the third year that the Audit and Governance Committee have existed and during that time specialist knowledge has continued to grow and develop supported by the training that has been provided. This has enabled the Committee to focus in more detail on areas of activity within the remit of this Committee and enables the Authority to demonstrate that it applies relevant guidance to aid best practice.
18. This report has provided a summary of the work completed over the last twelve months, indicating that it is functioning in accordance with best practice and providing independent assurance of the Authority's governance arrangements.

IMPACT ASSESSMENT

19. This update provides further assurance for Members that the Authority has robust governance arrangements in place.

RECOMMENDATION

20. Members are requested to:

20.1 Agree the contents of the report which is to be presented to the next Authority meeting in February 2025.

By: Director, Finance and Corporate Services

To: Audit and Governance Committee – 6 November 2024

Subject: MID - YEAR TREASURY MANAGEMENT AND INVESTMENT UPDATE 2024/25

Classification: Unrestricted

FOR INFORMATION

Summary

The CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code require the Authority to determine and set the Treasury Management Strategy for the financial year ahead. The Strategy was agreed at the Authority meeting on 20 February 2024 and a requirement of the Strategy is to provide a Mid-year update on treasury activity undertaken and the extent of compliance with the agreed Prudential Indicators.

The Authority continues to prioritise security and liquidity over potential yield, in line with CIPFA guidance. For the first part of this financial year, interest rates remained relatively stable, so returns on deposits have been similar to this time last year. However, The Bank of England cut interest rates at its meeting in August 2024. Since then, the Authority has seen interest rates on deposits reduce across the board, reflecting the rate reduction. For the first six months of this financial year average cash balances have been approximately £55.1m, which has resulted in an interest yield of £1,426k for that period.

CONCLUSION

Members are requested to:

1. Consider and note this report.

LEAD/CONTACT OFFICER: Head of Finance, Treasury and Pensions – Nicola Walker
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BACKGROUND PAPERS:

COMMENTS

Introduction

1. The Authority operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, to ensure sufficient funds are available to meet anticipated expenditure before any other consideration is given to optimising investment returns.
2. The second main function of the treasury management service is to ensure that the necessary funding is available, when needed, to meet the agreed commitments set out in the Authority's Capital Plan, whether that's by using the Authority's own cash balances or undertaking any new borrowing. Hence, good treasury management and cashflow planning is key to enable the Authority to meet its capital and infrastructure spending programme.
3. This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021).

Economic Outlook

4. The Bank of England's Monetary Policy Committee (MPC) cut interest rates to 5% at its August meeting after holding them at 5.25% seven times in a row. Expectations are that the Base rate will fall further by the end of 2024.
5. **Inflation** - Consumer Price Inflation (CPI) hit its target in June before increasing to 2.2% in July and August, slightly above the MPC's target of 2%. It is expected to remain above the 2% target for the rest of the year, before it falls back to its target of 2% in mid-2025. The rise is due to the price of gas and electricity falling by less than they did a year ago. Core Consumer Price Inflation (CPI without energy and food) increased to 3.6% in August 2024, the highest in four months, compared to 3.3% in July.
6. The increasing uncertainties in the Middle East may also exert an upward pressure on inflation with oil prices rising in the aftermath of Iran's missile attack on Israel on 1 October. China's recent new fiscal support measures in the latter stages of September has also added to the upshift in broader commodity prices, which in turn may impact on global inflation levels and therefore Monetary Policy decisions. Despite these recent developments, the central forecast is still for rates to fall to 4.5% by the end of 2024 with further cuts likely throughout 2025.

7. **Interest Rate Forecast** - Rates available on deposits from counterparties are lower than those of a year ago, reflecting the recent rate cut. The Authority is currently forecasting investment income of £2,577k for the year compared to a budget set in February of £1,694k. The additional income has been forecast based on the interest that the Authority estimates will be achieved on an additional grant received from the government relating to the McCloud and Matthews pension cases. The Authority's Treasury Advisor, Link Asset Services, has provided the following interest rate forecasts:

LINK GROUP – JULY 2024

	End Q3 2024	End Q4 2024	End Q1 2025	End Q2 2025	End Q3 2025	End Q4 2025	End Q1 2026	End Q2 2026	End Q3 2026	End Q4 2026	End Q1 2027
Bank Rate	5.00%	4.50%	4.00%	3.50%	3.25%	3.25%	3.25%	3.25%	3.00%	3.00%	3.00%
5yr PWLB Rate	4.70%	4.50%	4.30%	4.10%	4.00%	3.90%	3.90%	3.90%	3.90%	3.90%	3.80%
10yr PWLB Rate	4.80%	4.60%	4.40%	4.30%	4.10%	4.10%	4.10%	4.00%	4.00%	4.00%	3.90%
25yr PWLB Rate	5.20%	5.00%	4.80%	4.70%	4.50%	4.50%	4.40%	4.40%	4.40%	4.30%	4.30%
50yr PWLB Rate	5.00%	4.80%	4.60%	4.50%	4.30%	4.30%	4.20%	4.20%	4.20%	4.10%	4.10%

(PWLB – Public Works Loan Board is a statutory body of the UK Government that provides loans to public bodies)

Treasury Management Strategy and Annual Investment Update

8. The Treasury Management Strategy (TMS) for 2024/25 was approved by the Authority on 20 February 2024. This report reflects the current position of the Authority's deposits, which are in line with the Treasury Management Strategy. The appropriate Prudential Indicators can be found at paragraph 16 within this report.
9. The table below shows the forecast of funds available for investing, reflecting the expectation that the balance reduces over the year. Depending on how projects progress the investment balance often changes which can result in a higher level of funding being available for depositing with the agreed counterparties.

Table 1 Reserves and Balances	2023/24	2023/24	2024/25	2024/25
Reserves and Balances	Forecast	Outturn	Budget	Revised
	£'000	£'000	£'000	£'000
General reserve	4,260	4,260	4,680	4,680
Earmarked reserves	30,016	33,396	25,223	28,753
Insurance & General Provision	60	773	773	773
Capital Receipts	7,894	8,554	8,128	8,867
Total Core Funds	42,230	46,983	38,804	43,073
Working Capital Deficit	- 887	-3,566	-3,566	- 3,566
Under-borrowing	- 2,544	- 1,178	-11,791	- 5,869
Expected Investments	38,799	42,239	23,447	33,638

Investment Portfolio

10. The Authority's key priority is to ensure security of capital and liquidity and to obtain an appropriate level of return consistent with the Authority's risk appetite. Since March 2024, returns on deposits had been gradually decreasing, in line with the Bank of England's bank rate, but given the recent reduction in the bank rate, returns are now falling below the 5% level.
11. The Authority held £73.775m of deposits as of 30 September 2024 (£43.2m on 31 March 2023). The significant increase in cash balances held is due to the additional grant we had received in July 2024 from the government relating to the McCloud and Matthews pension cases. A breakdown of the Authority's actual deposits and the average interest rates on 31 March 2024 are compared to actual deposits and actual interest rates as at 30 September 2024 in the table below: -

Table 2 Investments and Average Interest Rates	As At 31.03.24		As At 30.09.24	
	Total Investment (£000's)	Average Interest Rate	Total Investment (£000's)	Average Interest Rate
Debt Management Office (Including Treasury Bills)	3,054	5.28%	15,926	4.89%
RBS Group: Royal Bank of Scotland & Natwest	100	3.25%	7,000	5.02%
Barclays Bank plc	5,000	5.40%	5,000	5.15%
Santander UK plc	5,000	5.50%	-	-
HSBC	5,000	5.15%	7,000	4.90%
Standard Chartered Bank	5,000	5.14%	5,000	4.77%
Lloyds Bank	6,810	5.30%	7,000	5.18%
Goldman Sachs International Bank	4,000	5.37%	4,000	5.25%

Aberdeen Liq. Fund	2,225	5.22%	5,000	4.96%
Landesbank Hessen-Thueringen Gironzentrale	2,000	5.49%	5,000	5.30%
Aviva Investors Liq. Fund	5,000	5.25%	5,000	5.01%
Goldman Sachs Liq. Reserves	-	-	5,000	4.92%
HSBC Liq. Fund	-	-	2,849	4.88%
Totals	43,189	5.30%	73,775	5.00%

12. In late July, the NatWest Group announced that the latest divestment by the UK government had taken the government holding down below 20%. Subsequently, the position was lowered again on 2 August. Chancellor Reeves stated that the new administration would not be pursuing the previous government's proposal to offer shares in NatWest Group to the general public via a retail offering and that it was the new government's intention to fully divest itself of the bank by 2025-26. As a result, the Authority's treasury advisor has advised that there could be a possible reduction in the suggested durations for deposits placed with NatWest from twelve months to six months. Having reviewed the current portfolio we do not see that this will impact any current investments the Authority holds as they are all within the 6-month duration.
13. **Compliance with Treasury and Prudential Limits** - The Director of Finance and Corporate Services confirms that the approved limits were within the Annual Investment Strategy and that there is no expectation that these will be breached. All treasury management operations have been conducted in full compliance with the Authority's Treasury Management Practices.

Borrowing

14. The Authority's capital financing requirement (CFR) for 2023/24 is £1,879k. The CFR denotes the Authority's underlying need to borrow for capital purposes. Of the Authority's underlying borrowing need, £400k has been borrowed from the Public Works Loans Board (PWLB) and £1,479k has been utilised from the internal cash flow of the authority in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate. The Authority continues to pay off outstanding external loans as they become due for repayment and has identified no need to borrow externally to fund the existing Capital Strategy, in the current financial year.
15. The current forecast for the CFR for 2024/25 is £6,071k based on the latest capital monitoring. This reflects the spend on the Ashford Live Fire project, which is being funded through internal borrowing, at least for the short term, until such time as interest rates on borrowing have reduced.

Prudential Indicators

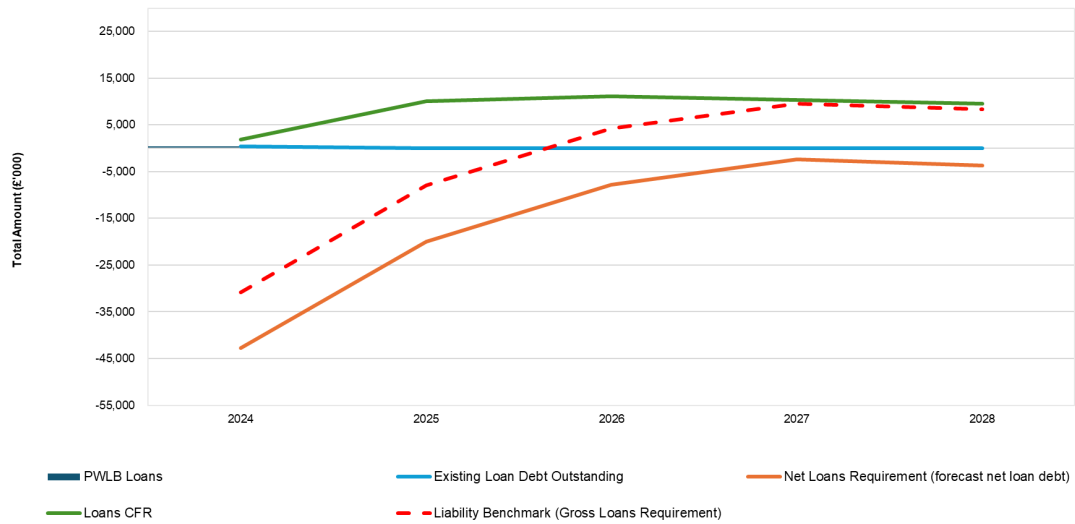
16. A Summary of the Prudential Indicators agreed at the Authority meeting in February are detailed below and shown against the 2023/24 outturn figures and revised projections for 2024/25.

Table 3 Prudential Indicators for affordability, prudence and capital expenditure	2023/24	2024/25	2024/25
	Outturn	Budget	Revised Budget
	£'000	£'000	£'000
Revenue Expenditure	82,370	94,730	94,713
Revenue Provision for debt repayment	573	1,295	1,295
Capital expenditure	4,719	12,752	12,513
CFR as at 31 March	1,879	12,034	6,071
Total loans outstanding as at 31 March	400	0	0
Ratio of Financing Costs to Net Revenue Stream	0.72%	1.38%	1.38%

Treasury Indicators

Assumed Operational Boundary for external debt	13,000	23,500	23,500
Assumed Authorised Limit for external debt	17,000	27,500	27,500
Interest rate exposure for borrowing at fixed rates	100%	100%	100%
Interest rate exposure for borrowing at variable rates	20%	20%	20%
Interest rate exposure for investing at fixed rates	100%	100%	100%
Interest rate exposure for investing at variable rates	100%	100%	100%

17. **Debt Liability Benchmark:** is a projection of the optimum amount of loan debt outstanding which the authority needs each year into the future, in order to fund its existing debt liabilities, planned prudential borrowing and other cash flows.
18. As the Authority is currently operating with a net cash surplus, the indicator is a measure of the forecast net investment requirement and guides the appropriate size and maturity of investments needed – there is currently no need to borrow externally for capital financing purposes.



IMPACT ASSESSMENT

19. All financial implications associated with servicing the Authority’s loans are able to be contained within the overall budget.

CONCLUSION

20. Members are requested to:

20.1 Consider and note the report.



INTERNAL AUDIT PROGRESS REPORT

6 November 2024

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QA: Jonathan Idle, KCC Head of Internal Audit & Counter Fraud

1. Introduction

The role of the Internal Audit function is to provide Members and Management with independent assurance that the control, risk and governance framework in place, within the organisation, is effective and supports Kent and Medway Fire and Rescue Authority (KMFRA) in the achievement of its objectives. The work of the Internal Audit team should be targeted towards those areas within KMFRA that are most at risk of impacting on the KMFRA's ability to achieve its objectives.

Upon completion of an audit, an assurance opinion is given on the effectiveness of the controls in place. The results of the entire programme of work are then summarised in an opinion in the Annual Internal Audit Report on the effectiveness of internal control within the organisation.

This activity report provides Members of the Audit & Governance Committee and Management with 1 summary of completed work between April and November 2024.

2. Key Messages

- 1 audit has been finalised in the period reported. **Appendix A**
- The scope for FS01-2025 – Standards of Public life audit has been amended from that proposed in the Annual Audit plan for 2024-25 as the original scope was similar to that of the Code of Ethics review undertaken as part of the 2023-24 Audit Plan.
- 50% of the 2024-25 Audit Plan are either in fieldwork or reporting stage.
- 67% of high and medium priority issues due have been implemented from issues identified from previous year's Audit Reviews.
- Audit definitions relating to Opinions and issue priorities are detailed in **Appendix B**
- Internal Audit Performance for the period is detailed in **Appendix C**

3. 2024/25 Internal Audit Plan Progress

This report also provides an update on the work completed between April and November 2024. Though the Audit Plan progress is below target there are no material concerns at this point in delivery of the Audit Plan by 31 March 2025. The audit summaries are provided at [Appendix A](#).

Graph 1 – Internal Audit Plan Progress

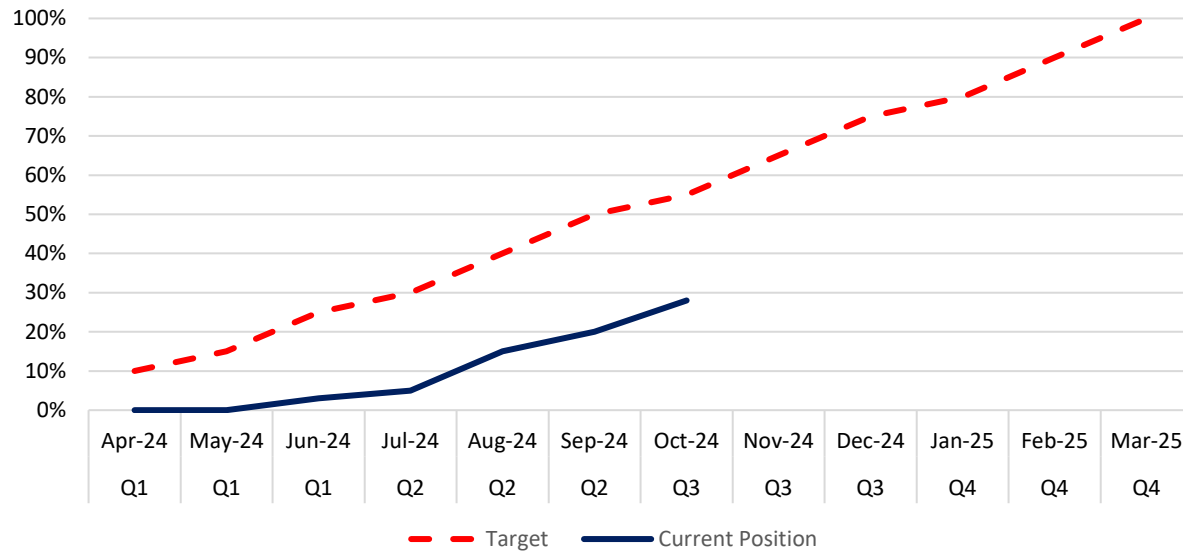


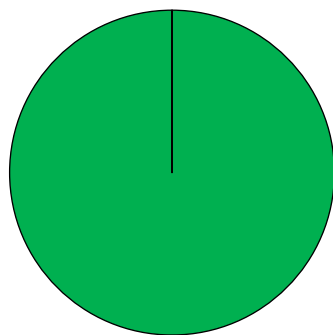
Table 1- Audit Plan Status

Status	Number of Audits	%
Not Started	3	37%
Planning	2	25%
Fieldwork	2	25%
Draft Report	0	0%
Final Report	1	13%
Removed	0	0%
Total	8	

Table 2 below provides an update on our progress against the 2024/25 Audit Plan:

Ref	Audit	Quarter	Status	Assurance Opinion	Prospects for Improvement	Reported to Members
FS01	Standards in Public Life	Q1	Fieldwork			
FS02	Disaster (Cyber Security) Recovery & Back Up Arrangements	Q1	Planning			
FS03	Communication and Engagement KFRS Website and Social Media	Q2	Fieldwork			
FS04	Building Safety Enforcement	Q2	Complete	High	Good	November 2024
FS05	Tax	Q3	Planning			
FS06	Incident Command Training	Q3	Not Started			
FS07	Control Room	Q4	Not Started			
FS08	Risk Management	Q4	Not Started			

Assurance Levels 2024-25



- High
- Substantial
- Adequate
- Limited
- No

Assurance Level	No	%
High	1	100%
Substantial	0	0%
Adequate	0	0%
Limited	0	0%
No	0	0%

Prospects for Improvement	No	%
Very Good	0	0%
Good	1	100%
Adequate	0	0%
Uncertain	0	0%

4. Issue Implementation – Audits undertaken between 2021 – March 2024

This is a position statement setting out the outstanding actions from the prior years audits (Implementation of Agreed Management Actions). This details the implementation status of 11 medium and 1 high risk actions, as categorised by the assurance level assigned to the original report. Note: These statistics do not include the Advisory recommendation also being tracked.

The status of implementation agreed actions is summarised below:

Table 3 - Summary of Issue Implementation

	Total Number due for Implementation		Implemented		In Progress		Not Implemented		Superseded	
	High	Medium	High	Medium	High	Medium	High	Medium	High	Medium
Total	1	11	1	7	0	4	0	0	0	0
Total %			100%	64%	0%	36%	0%	0%	0%	0%

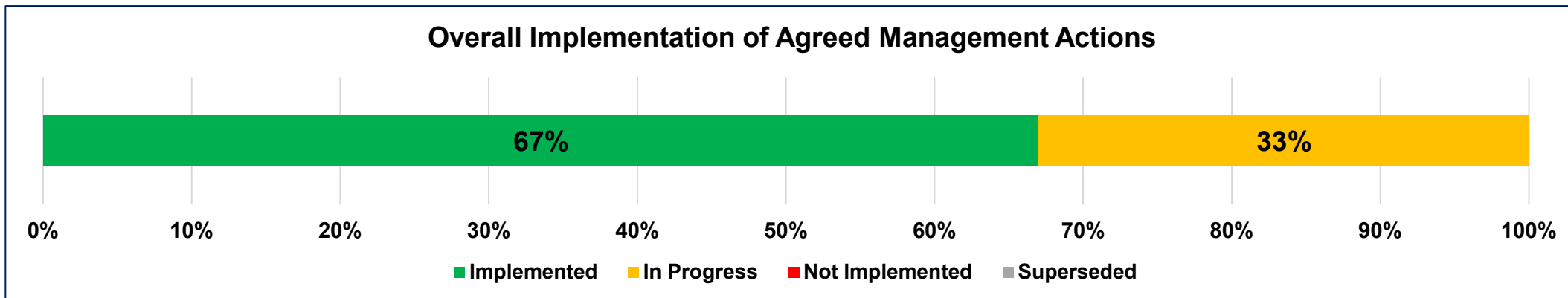


Table 4 – Status of all Open Agreed Management Actions

Ref	Audit	Audit Date	Assurance Opinion	Issue	Priority	Status	Revised Date
FS03-2021	Contract Management – Major contracts	13 September 2021	Substantial	Issue 1 – Contract Manager Responsibilities	Medium	In Progress	31/03/2025
FS03-2021	Contract Management – Major contracts	13 September 2021	Substantial	Issue 2 - Contract Administration	Medium	Implemented	
FS03-2021	Contract Management – Major contracts	13 September 2021	Substantial	Issue 3 - Delivery & Performance	Medium	Implemented	
FS05-2022	Equalities, Diversity & Inclusion	1 December 2021	Substantial	Issue 1 - Transparency of Processing Sensitive Data	Medium	Implemented	
FS05-2022	Equalities, Diversity & Inclusion	1 December 2021	Substantial	Issue 2 – Deleting EDI Data	Medium	In Progress	30/12/2024
FS01-2024	Health & Safety	1 August 2023	Substantial	Issue 1 – Overdue Risk Assessments	Medium	Implemented	
FS01-2024	Health & Safety	1 August 2023	Substantial	Issue 2 – Risk Assessments Fire Brigade Union (FBU) Sign Off	Medium	Implemented	
FS01-2024	Health & Safety	1 August 2023	Substantial	Issue 3 – Display Screen Equipment Self-Assessments	Medium	In Progress	TBC
FS05-2024	Compliance with Code of Ethics	12 January 2024	Substantial	Issue 2 – Tracking Outside Investigations	Medium	Implemented	
FS06-2024	Climate Change	1 March 2024	Substantial	Issue 2 – Devising a Plan for Funding Arrangements	Medium	In Progress	28/02/2025
FS06-2024	Climate Change	1 March 2024	Substantial	Issue 3 – Progress Reporting – Carbon Neutrality	High	Implemented	
FS08-2024	Prevention – Anti-Social Behaviour	27 March 2024	Substantial	Issue 2 – Tracking Initiatives to Prevent Anti-Social Behaviour / Deliberate Fires	Medium	Implemented	
FS09-2024	Purchasing Review	21 August 2023	Advisory	Review Procurement Policy and guidance	Advisory	In Progress	31/03/2025

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- Appendix B - Definitions
- Appendix C– Key Performance Indicators

5. Counter Fraud

There have been no reported frauds or irregularities since 01 April 2024.

6. Resources

The Internal Audit Team currently has 2 vacancies. Recruitment exercises, to fill these posts, are currently being undertaken and as a result Internal Audit don't envisage delivery of the Audit Plan to be impacted. All audits identified in the 2024/25 Audit Plan have been allocated to specific Auditors.

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7. Performance Indicators - 2024-25 Performance & 2021 to March 2024 Action Plan Performance

As part of the Service Level Agreement between KCC and KFRS, Performance Indicators are in place to measure both the performance of Internal Audit and the timeliness of officers' responses to audit plans and reports. Current performance in relation to the performance indicators is given in **APPENDIX C**. Two performance indicators (% completion of Annual Plan and % completion of actions due) are reported at year end only. There are no significant concerns arising from the performance indicators to date.

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Appendix A - Summaries

FS04-2025 – Building Safety Enforcement

Audit Opinion

High

Prospects for Improvement

Good

Introduction

The Building Safety Fire Risk Inspection Team is led by a Group Manager with Fire Risk Inspectors responsible for Inspection and Enforcement of the Fire Safety Order (FSO) 2005.

The Risk-Based Inspection Plan (RBIP) was launched in 2018 and uses a combination of intelligence and Experian Business Predictive Data to identify high risk premises.

Key Strengths

- ✓ The RBIP is appropriate, reviewed and available to staff.
- ✓ The RBIP receives information downloaded from Experian, there are additional sources of information to ensure high risk buildings are assessed.
- ✓ There is adequate and effective guidance on the Regulatory Inspections Process.
- ✓ The inspection process is adequate in design.
- ✓ Inspectors are assigned audits based on their signatory status in line with Signatory Status Guidance Notes.
- ✓ The sample of inspections tested were consistent, with scoring of responses to the Articles tested being built into the Dynamics System.
- ✓ Testing confirmed that records are appropriately retained and regularly reviewed.
- ✓ Quality Assurance processes were found to be adequate and are based off signatory status of the inspector to ensure audits are quality assessed in line with guidance documents .

- ✓ Information is shared to fire fighter crews via the Dynamics System that connects premises data to fire engines.
- ✓ Information sharing is appropriate and based on the findings of inspections. Only key information is shared.
- ✓ There is adequate Risk Management in place with Building Safety, monitoring and enforcement is identified on the Corporate Risk Register.
- ✓ Risk impact is reviewed, and mitigating actions discussed on a quarterly basis.

Areas for Development

- No issues identified.

Prospects for Improvement

- Prospects for improvement is rated as **GOOD** based on the following factors:

Leadership/ Capacity	Adequacy of Action Plans	Implementation Record	External Factors
Good	N/A	Very Good	Good

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	0	NA	NA
Medium Risk	0	NA	NA
Low Risk	0	NA	NA

Appendix B - Definitions

Audit Opinion

<p>High</p>	<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.</p> <p>Processes are robust and well-established. There is a sound system of control operating effectively and consistently applied to achieve service/system objectives.</p> <p>There are examples of best practice. No significant weaknesses have been identified.</p>	<p>Limited</p>	<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.</p> <p>Certain weaknesses require immediate management attention as there is a high risk that objectives are not achieved.</p>
<p>Substantial</p>	<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.</p> <p>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>	<p>No Assurance</p>	<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.</p> <p>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>
<p>Adequate</p>	<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.</p> <p>There are some significant matters that require management attention with moderate impact on residual risk exposure until resolved.</p>		

Prospects for Improvement		Issue Risk Ratings	
Very Good	There are strong building blocks in place for future improvement with clear leadership, direction of travel and capacity. External factors, where relevant, support achievement of objectives.	High	There is a gap in the control framework or a failure of existing internal controls that results in a significant risk that service or system objectives will not be achieved.
Good	There are satisfactory building blocks in place for future improvement with reasonable leadership, direction of travel and capacity in place. External factors, where relevant, do not impede achievement of objectives.	Medium	There are weaknesses in internal control arrangements which lead to a moderate risk of non-achievement of service or system objectives.
Adequate	Building blocks for future improvement could be enhanced, with areas for improvement identified in leadership, direction of travel and/or capacity. External factors, where relevant, may not support achievement of objectives	Low	There is scope to improve the quality and/or efficiency of the control framework, although the risk to overall service or system objectives is low.
Uncertain	Building blocks for future improvement are unclear, with concerns identified during the audit around leadership, direction of travel and/or capacity. External factors, where relevant, impede achievement of objectives.		

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Appendix C – Internal Audit & Counter Fraud Key Performance Indicators

Internal Audit & Counter Fraud

No	Indicator	Target Performance	Performance to Date
1	Engagement Plan to be issued 2 weeks prior to commencement of audit fieldwork	90%	66%
2	Verbal feedback to be provided within one week of completion of audit fieldwork	100%	100%
3	Draft Reports to be issued by the date specified in the Engagement Plan	90%	0%
4	Final Report to be issued within 5 working days of receiving management response	90%	100%
5	% Completion of Annual Internal Audit Plan @ 31 March 2025	90%	28%

Kent Fire and Rescue

2024-25			
No	Indicator	Target Performance	Performance to Date
1	Agreement of Engagement Plan to be provided prior to fieldwork start date	100%	100%
2	Response to Draft Report and Action Plan to be provided within 10 working days of issue	90%	100%
Performance against 2021 – March 2024 Issues			
3	Actions plans in response to High and Medium Priority issues raised to be implemented within agreed timescales	90%	64%

By: Director Prevention, Protection, Customer Safety and Engagement
To: Audit and Governance Committee – 6 November 2024
Subject: COLLABORATION AND PARTNERSHIP UPDATE
Classification: Unrestricted

FOR INFORMATION

SUMMARY

A presentation will be given to Members at the meeting on the Authority's collaboration and partnership work.

RECOMMENDATION

Members are requested to:

1. Note the contents of the presentation.

LEAD/CONTACT OFFICER: Director Prevention, Protection, Customer Safety and Engagement – Jon Quinn
EMAIL: jon.quinn@kent.fire-uk.org
BACKGROUND PAPERS: None