



Annex 4b – Illustrative Simplified Financial Statement: FRA

**ANNEX 4B –
ILLUSTRATIVE
SIMPLIFIED FINANCIAL
STATEMENT: FRA**

Financial Performance Statement

This financial performance statement provides an analysis of the fire and rescue authority's financial performance and position over the last 12 months.

1. Financial Performance Statement

We have a responsibility to feedback to you, as a local resident or tax payer, on how we spend and manage Golden Sands Fire and Rescue Authority's resources.

The financial performance statement compares the budget (what we planned to spend) at the start of the year with what we actually spent and explains the changes. If we have over or under spent, we have explained why.

As well as our annual expenditure, this statement also includes information about our longer-term financial sustainability. This is important so that you know the resources we have available to provide services into the future. The summary shows you what we own and what we owe, and what we have put aside to make sure we can deliver services beyond this year.

You can have confidence in the figures in this report because we have to follow regulations and standards in compiling them, and the information from our accounts is independently audited.

This information is consistent with that reported in the audited accounts. A full set of [Golden Sands Fire and Rescue Authority's Statement of Accounts](#) is available from our website.

About Golden Sands Fire and Rescue Authority

As the local authority running the Golden Sands Fire and Rescue Service, we are responsible for providing fire and rescue services throughout the Golden Sands area. The authority is made up of 25 local councillors and meets five times a year. The chief fire officer leads the fire and rescue service on a day to day basis. We work closely with our local councils, Golden Sands Police, other local partners and other fire and rescue services.

Where the fire authority gets its money from

A fire authority gets money from three main sources: council tax, business rates and grants from the government.

We have to make sure that when we set the budget for the year, we can afford to pay for the services we offer. This includes any plans we make where we need to include longer-term commitments. A fire authority needs to balance its budget, and setting council tax is an important part of this process.

Our total funding is £43.7m, and this must support fire and rescue services for a population of 1,350,000.

2. Analysis of Financial Performance

Table 1 below shows what Golden Sands Fire Authority planned to spend (its budget) against what we actually spent in the year.

Where we generate income, such as fees and charges, that income will be included as well. The difference between expenditure and income is known as net spend.

The net spend (expenditure less income) can be compared to the budget, and the difference between the two is shown in the final column. The positive figures are those where we have spent less than planned and the negative figures are where we have spent more than planned.

The differences are explained in Table 2 below.

Table 1 - Golden Sands Fire and Rescue Authority Budget Analysed against Actual Spend 2019/20

Service	Budget (What we planned to spend)	Net Spend (What we actually spent)	Difference from budget
	£m	£m	£m
Total Fire and Rescue Services	40.2	40.9	-0.7
Income from grants and business rates (excluding council tax)	-17.3	-17.3	0.0
Council tax requirement <i>(Our income without council tax is not enough to pay for the service we deliver, so this is the amount we need to raise to cover that gap)</i>	22.9		

What were the differences?

Table 2 – Explanations for the significant differences between what we budgeted for and what we spent

We have spent £0.7m more than budget due to the following significant differences:	
Explanation	Difference £m
Increase in the cost of vehicles and equipment	-0.5
Increase in the cost of premises	-0.2
Total difference between budget and spend	-0.7

3. The Authority's Financial Position

Golden Sands fire and rescue authority uses your money to provide necessary local services. The summary financial position below (also known as the balance sheet) represents a summary, or 'snapshot', of our financial position at a single point in time, which for fire authorities is 31 March. Each year it sets out what the authority owns and how much is owed, and the resources it has left to support the provision of future services.

Below we show the authority's financial position at the year end, which is a summary of the balance sheet in the audited accounts. This information supports the assessment of whether or not the authority has a sustainable financial position and is able to support and maintain services on an on-going basis. The net financial position helps inform future financial planning and sustain the services we deliver.

Summary Financial Position

	£m
What we own (<i>held as 'assets'</i>)	71.6
What we owe (<i>held as 'liabilities'</i>)	-633.7
Net Financial Position (<i>assets less liabilities</i>)	-562.1
The net financial position is held in reserves as follows:	
General Reserves available to the authority	11.1
Other Reserves held for statutory and/or specific purposes	-573.2
Total Reserves	-562.1

Financial Sustainability - The ability to plan for the future

We have to plan for the long term to ensure that we can continue to deliver our services in future years and be able to deal with any unexpected events. As a result, it is important that our financial standing (or sustainability) is robust.

Golden Sands Fire and Rescue Authority has a fully developed five-year financial plan, which includes looking at risks and future demands on services. The biggest risks identified are likely to be:

- *Safeguarding the financial position of the authority* – the fire and rescue authority is looking at ways to improve efficiency and deliver services in different ways. These plans are currently on track.
- *Staff costs* – outside of concerns around reductions in funding for the authority, the cost of recruiting and training firefighters, along with providing the firefighters' pension scheme, is our biggest budget pressure area for the foreseeable future.

More about our Reserves

Table 3 sets out a breakdown of the fire and rescue authority's general reserves.

Table 3 – General Reserves

	Amount held at 31 March £m
Earmarked reserves (reserves which are planned to fund specific projects or other council commitments)	9.26
Unallocated reserves (reserves held to support future service provision and manage risk)	1.9
Total general reserves	11.1

Raising debt to finance investment

Fire authorities can borrow to invest in property or other infrastructure that supports the delivery of services, but they must ensure that they can pay this amount back. The Authority has an underlying need to borrow to finance these assets (this includes leases of assets) of £12.5m. The council must set aside sufficient resources each year so it can pay back its borrowing, and this must be affordable when compared to its annual income.

We compare what it is costing to pay back our need to borrow for these assets against the funding we receive from council tax, business rates and grants (our income streams) to show you what proportion of income is required to fund the authority's investments.

Table 4 - Borrowing costs as a proportion of income

2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Actual	Actual	Actual	Forecast	Forecast	Forecast
2.1%	2.3%	3.1%	3.6%	4.2%	4.2%

You can find more detail on these balance sheet items in [Golden Sands Fire and Rescue Authority's Statement of Accounts](#).

4. Golden Sands Fire and Rescue Authority Performance Data 1 April 2019 to 31 March 2020

Table 5 - Golden Sands Fire and Rescue Authority performance information

The table below provides financial performance information, identifying the costs incurred (using the information in Table 1) and measuring that on an appropriate unit basis.

Cost Type	Unit Cost
Firefighter cost per person per year	£22.72

[Note the above extract is indicative only and the detail of what could/should be set out in a financial performance statement will form a significant element of future consultation.]

AUDIT CERTIFICATE

Audit certificate to be developed. There is an expectation that this statement will be subject to external audit from 2021/22.

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