





## Wiltshire and Swindon Fire Authority

### Contents of the 2008/09 Statement of Accounts

	Page
Certificate for Approval of the Statement of Accounts	2
Explanatory Foreword	3
Statement of Accounting Policies	9
Statement of Responsibilities for the Statement of Accounts	15
Annual Governance Statement	16
Independent Auditor's Report	27
<u>The Core Financial Statements</u>	
Nick M: Income and Expenditure Account	31
Statement of Movement on the General Fund Balance	32
Statement of Total Recognised Gains and Losses	34
Balance Sheet	35
Cash Flow Statement	36
Notes to the Core Financial Statements	37
<u>The Firefighters' Pension Fund Accounts</u>	
Firefighters' Pension Fund Account & Net Assets Statement	61
Notes to the Firefighters' Pension Fund Accounts	62
Glossary of Terms	63



## **Wiltshire and Swindon Fire Authority**

### **Certificate for the Approval of the Statement of Accounts**

I confirm that these accounts were approved by the Finance Review Committee held on 30 June 2009.

Signed on behalf of Wiltshire and Swindon Fire Authority.

**Nick Martin**

Chairman of the Finance Review Committee  
September 2009



# Wiltshire and Swindon Fire Authority

## Explanatory Foreword

### Introduction

Wiltshire and Swindon Fire Authority was formed on 1 April 1997 to provide a fire service for the geographical area of Wiltshire.

This booklet, produced by the Finance Director, contains the Statement of Accounts for the Fire Authority for the year ended 31 March 2009.

Publication of these accounts is required under the Accounts and Audit Regulations, 2006, and the Code of Practice on Local Authority Accounting, 2008, which specify the format and content of the accounts. The information contained in the Statement of Accounts is of a technical nature, and readers may find the glossary helpful in aiding an understanding of the terms used.

### Changes in format and accounting policies

There have been relatively few changes to the format of the Statement, compared to the major revisions seen in the last few years. One exception is the presentation of the details of pension schemes, shown in Note 24 to the Core Financial Statements. These have been re-written to comply with the revision of the Pensions SORP and FRS17 disclosure requirements. There have also been changes to the disclosures of financial instruments (Note 28). Where necessary, the 2007/08 figures have been restated to reflect the changes in policy and enable a comparison between 2007/08 and 2008/09 to be made (Note 1).

Following a change in the SORP prohibiting revaluation of assets at the point of disposal, the Authority's policy on accounting for asset disposals has been changed, as described in the Statement of Accounting Policies. This has not had a material effect on the Accounts.

### Material and unusual transactions

As a result of the unprecedented market conditions during the year, the Authority took advice from its property advisers about the valuation of its buildings. In normal circumstances these are revalued every five years for accounting purposes, with the last full review having been undertaken during March 2007. The advice was that the value of the properties had fallen by about 34% since the last valuation. This 'impairment' has been taken into account by charging the fall in value (£3.7 million) to the Income and Expenditure Account. To prevent this from affecting the Council Tax, a credit for the same amount is included in the Statement of the Movement on the General Fund Reserve. In the Balance Sheet the reduction in asset value is matched in the Capital Adjustment Account.

The residual values of vehicles have also been reviewed in the year, resulting in entries in the Revaluation Reserve of £71,000 to match the inclusion of values for vehicles which had been fully depreciated, but which are still in use.

The combined effect of these transactions was to reduce the amount of depreciation charged to the Income and Expenditure Account for the year.



## Wiltshire and Swindon Fire Authority

### Explanatory Foreword

#### Explanation of the Statements

The main purpose of the published Statement of Accounts is to provide electors, Council Taxpayers, members of the Authority, employees, our partners and other interested parties, with clear information about the Authority's finances. It should aim to provide answers to the following questions:-

- ◆ What did the Authority's services cost in the year?
- ◆ Where did the money come from?
- ◆ What are the Authority's assets and liabilities at the year end?

The main financial statements which make up the Authority's accounts are as follows:-

#### ◆ **The Income and Expenditure Account**

This reports the net cost of all functions (operating performance) for which the Authority is responsible and demonstrates how that cost has been financed from government grants and income from taxpayers.

#### ◆ **The Statement of Movement on the General Fund Balance (SMGFB)**

This reconciles the deficit on the Income and Expenditure Account to the General Reserve, taking into account the amounts to be included or excluded by statute and non-statutory proper practices when determining the latter. This is necessary because of the different requirements for items to be included in the Income and Expenditure Account and those required when determining the Authority's budget requirement and Council Tax demand.

#### ◆ **The Statement of Total Recognised Gains and Losses (STRGL)**

This brings together all gains and losses (surpluses and deficits), as not all are reflected in the Income and Expenditure Account. For example, gains on revaluation of assets and pension actuarial gains and losses are excluded as they relate to asset and liability valuation changes rather than operating performance.

#### ◆ **The Balance Sheet**

This shows the Authority's balances, reserves and long term indebtedness, the net current assets employed in its operations, together with summarised information on the fixed assets held.

#### ◆ **The Cash Flow Statement**

This summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

Detailed **Notes** follow the Core Financial Statements. These provide much more analysis and information than the accounts themselves, and include a number of statutory disclosures under various Acts and Regulations.



## Wiltshire and Swindon Fire Authority

### Explanatory Foreword

The **Firefighters' Pension Fund Account and Net Assets Statement** are shown after the Authority's accounts. The Pension Fund Account details the amounts received from contributors and made to pensioners and others, and transfers to or from other pension schemes. The net difference is an amount owed by central government, by way of a top-up grant. Further explanations are given in Notes to the Pension Fund Accounts.

#### General Review of the Year

In October 2008, the Service was re-assessed by the Audit Commission as part of the Comprehensive Performance Assessment on the corporate level of the organisation. The performance rating was upgraded to 'fair', an improvement from the 2005 scoring of 'weak'. The Charter Mark was also attained for the fourth consecutive year, with the Service's Safe Drive, Stay Alive project being commended to other organisations as best practice.

In 2008/09, Wiltshire Fire and Rescue Service spent £23.4 million on revenue activities, which involved dealing with 12,943 emergency calls (14,104 in 2007/08). These calls included -

- ◆ 2,098 fires (2,183 in 2007/08);
- ◆ 663 road traffic collisions (725);
- ◆ 728 co-responder calls (836); and
- ◆ 317 flooding incidents (370).

As part of its role in making communities safer and stronger, 5,043 (2007/08: 3,818) smoke alarms were installed in domestic premises, supported by 4,266 (2007/08: 2,909) home safety checks, where fire service staff visited people's homes and offered advice on how they can make them safer. Many of these visits were carried out in partnership with other agencies, such as the Bobby Van Trust.

Other initiatives developed in 2008/09 included the distribution of survival packs to homeless people, and the training of over 60 firefighters as animal rescue specialists. The Authority invested in specialist equipment for animal rescue following a review of rural safety.

The Statement of Accounts for 2008/09 is intended to give the reader a useful insight into the finances of the Authority. Prior to 1 April 2004, funding came from two levies from the constituent authorities, Wiltshire County Council and Swindon Borough Council. On that date, the Authority became a precepting body in its own right, receiving government grant and setting its own Council Tax.



## Wiltshire and Swindon Fire Authority

### Explanatory Foreword

#### Revenue Spending

The Fire Authority approved its 2008/09 Revenue Budget of £23,518,100 in February 2008. The final outturn spending was £23,415,488 against the approved budget, resulting in an overall underspending of £102,612, or 0.4% of the Revenue Budget for the year.

There were many variations from the budget within the overall revenue underspend. Major differences (over £50,000) are described below.

- ◆ Additional and short-term projects requiring the employment of agency and fixed-term contract staff, together with the resolution of a long-standing dispute over mechanics' bonus and standby payments, resulted in unbudgeted expenditure on corporate staff of £103,000. This was partly met from external contributions to projects.
- ◆ Unprecedented increases in the price of fuel resulted in overspendings on heating and lighting of premises (£64,000) and transport costs (£73,000).
- ◆ As a result of running down stocks, and issuing less, the budgets for operational and personal protection equipment, hoses and foam were underspent by £119,000.
- ◆ Delays in the delivery of new fire appliances until after the year-end meant that the expected revenue cost of leasing was reduced by £84,000.
- ◆ Income received for special projects, secondments to Central Government and the South West Region, the sale of surplus assets and stock, and interest on cash balances exceeded expectations. Although much of this was matched by additional spending on salaries and other budgets, increased income of £150,000 was recorded.

#### Reconciliation of revenue spending to the Income and Expenditure Account

As a result of accounting requirements, the Income and Expenditure Account shows a deficit of £7,406,686 for 2008/09. This includes the net cost of providing all the functions of the Authority and summarises all the resources that the Authority has generated, consumed or set aside in providing services during the year. The deficit does not necessarily mean that immediate action is required to cut expenditure or raise Council Tax. The Statement of the Movement on the General Fund Balance reconciles this deficit to the General Reserve, after allowing for those additional items required by statute or proper practices to be charged or credited to the General Reserve.

The Income and Expenditure Account can only be compared to the Revenue Budget in so far as the net operating expenditure is adjusted for items which are required to be included in the accounts so as to comply with United Kingdom Generally Accepted Accounting Practice (UK GAAP), as shown in the following table.



## Wiltshire and Swindon Fire Authority

### Explanatory Foreword

2007/08		2008/09
£		£
	<b>Income &amp; Expenditure Account</b>	
25,154,611	Net Cost of Services	28,556,049
5,627,998	Other Corporate Income & Expenditure	6,571,893
30,782,609	Net Operating Expenditure	35,127,942
-270,334	Less - Adjustments for Capital Financing and Impairment	-3,585,994
-10,109,000	Less - Pensions based on FRS17	-9,942,000
2,191,281	Add - Pensions charged in year	2,285,878
22,594,556	Adjusted Net Operating Expenditure	23,885,826
-120,293	Transfers from Reserves	-470,339
22,474,263	<b>Revenue Outturn Position</b>	23,415,488
22,656,400	<b>Approved Budget</b>	23,518,100
-182,137	<b>Overall underspending</b>	-102,612

### Capital Spending

On 1 April 2004, the Prudential Code for Capital Finance in Local Authorities came into force. In accordance with this Code, the Authority is permitted to spend on capital projects at a level that is affordable, prudent and sustainable, as demonstrated by the use of indicators devised by the Chartered Institute of Public Finance and Accountancy.

The Capital Programme for 2008/09 was approved by the Authority in February 2008 at £901,400 plus slippage from previous years, resulting in a total capital spending programme of £1,214,200. In December 2008, this was revised to £1,162,200 after delays occurred in implementing the Firelink communications project, and the need to procure IT equipment in advance of the planned date.

Capital expenditure undertaken during the year is shown in Note 8 to the Core Financial Statements and totals £1,140,924. Of this total, £1,128,613 represents 97% of the revised capital programme, with the balance being an equipment asset purchased through the revenue account. Sums of £70,524 for works to premises and £21,962 for IT projects are required to be carried forward into 2009/10 to complete projects already started. Net variations on other projects resulted in an overspending on capital of £58,899.



## **Wiltshire and Swindon Fire Authority**

### **Explanatory Foreword**

#### **Further information**

Readers may wish to take advantage of other publications which cover the Authority's budgeting, performance and operational activity. These are available on the Service's website [www.wiltfire.gov.uk](http://www.wiltfire.gov.uk). If you do not have access to the internet and would like a copy of any of these documents please contact Wiltshire and Swindon Fire Authority, Fire & Rescue Service Headquarters, Manor House, Potterne, Devizes, SN10 5PP.

**Phil Chow**  
Finance Director



## Wiltshire and Swindon Fire Authority

### Statement of Accounting Policies

#### 1 General principles

The general principles adopted in compiling the accounts of the Fire Authority are in accordance with the recommendations of The Chartered Institute of Public Finance and Accountancy (CIPFA). They accord with CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2008, which, as a Statement of Recommended Practice (SORP), constitutes a 'proper accounting practice' under Section 21(2) of the Local Government Act, 2003.

They also accord with notes issued on the application of accounting standards (SSAPs) and Financial Reporting Standards (FRSs). All are maintained on an historic cost basis, except where fixed assets are revalued. Any significant non-compliance is disclosed in the notes that follow.

#### 2 Tangible fixed assets

The Fire Authority's tangible assets are classed as operational assets and are shown in the Balance Sheet at the lower of net current replacement cost or net realisable value based on existing use. Assets declared surplus are transferred to non-operational assets until sold. They are revalued to market value at the date of transfer.

In line with FRS 15 all assets are depreciated on a straight line basis over the length of their useful lives. The residual value of buildings is supplied by the Authority's property advisers during the valuation process. The residual value of vehicles is calculated by a formula advised by the Authority's Fleet Engineer.

The estimated useful lives of assets vary in length, according to the class of asset, as follows:

Buildings	60 years
Red fleet	15 or 20 years
Light vehicles	5 or 7 years
Staff cars	3 years
Equipment	3 to 25 years

Where experience has shown that particular assets should last for a longer or shorter period than given in the above guidelines, other estimated lives may be used. For new purchases of equipment advice on length of life is given by officers in the IT or Logistics departments.

Assets of the same class are revalued every five years. The last full valuation of land and buildings was carried out as at March 2007. From 1 April 2007, increases in valuations are matched by credits in the Revaluation Reserve to recognise unrealised gains. Gains arising before that date have been consolidated into the Capital Adjustment Account. Losses on revaluation are treated in the same way as impairment losses due to a general fall in prices (see below).



## **Wiltshire and Swindon Fire Authority**

### **Statement of Accounting Policies**

Any capital expenditure on the enhancement of fixed assets in the year is added to the Balance Sheet value of the relevant asset, with the depreciation charge to revenue adjusted to take account of the enhanced value. Where such expenditure is significant, the asset value may be reassessed before the planned five-year interval, but after the completion of the capital project. This policy was changed in 2007/08, consequent on the abolition of the Fixed Asset Restatement Account on 1 April 2007. In previous years, much capital expenditure was written off to that Account in the year in which it was incurred.

#### **3 Intangible fixed assets**

Expenditure on assets that do not have physical substance, but which are identifiable and controlled by the Fire Authority, such as software licences, is capitalised and recognised as intangible fixed assets. These are amortised to revenue on a straight line basis over their expected useful lives, as advised by the IT Director.

#### **4 Impairment**

The values of each category of assets are reviewed at the end of each year for evidence of reductions in value, known as 'impairment'. If such a reduction is due to the clear consumption of economic benefits, then the loss is charged to the revenue account. If it is due to a general fall in prices, then it is written off against any revaluation gains for that asset held in the Revaluation Reserve, with any excess charged to the revenue account. Charges to the revenue account are matched by a transfer to the Capital Adjustment Account in the Statement of Movement on the General Fund Balance.

#### **5 Disposals of fixed assets**

When an asset is declared surplus to operational requirements, it is revalued to a current market value. Once sold, its sale price is compared to this value and a gain or loss recognised. This is a change in accounting policy, brought about by a change in the SORP, which now prohibits revaluations at the point of disposal. A new category of 'surplus assets' is shown in the Note on Valuation of Assets to record assets not yet sold.

Sale proceeds over £10,000 are classified as capital receipts, and are taken to the Usable Capital Receipts Reserve via the Statement of Movement on the General Fund Balance.

The written off value of disposals is not a charge against Council Tax, so amounts are appropriated to the Capital Adjustment Account via the Statement of Movement on the General Fund Balance. Revaluation gains related to the asset are also transferred from the Revaluation Reserve to the Capital Adjustment Account.



## **Wiltshire and Swindon Fire Authority**

### **Statement of Accounting Policies**

#### **6 Charges to revenue for fixed assets**

The revenue account is charged annually with a provision for depreciation of tangible fixed assets used during the year, impairment and revaluation losses as described above, and a charge for the amortisation of intangible fixed assets.

The Fire Authority is not required to raise Council Tax for these charges, but it must make an annual provision from revenue to contribute to the reduction in the overall borrowing requirement (the Minimum Revenue Provision). Transfers between the Statement of Movement on the General Fund Balance and the Capital Adjustment Account are made to produce this required effect.

Although the Regulations governing the calculation of the Minimum Revenue Provision have changed, transitional arrangements allow the calculation in 2008/09 to remain at 4% of the adjusted Capital Financing Requirement at the start of the year. In December 2008, the Authority adopted these transitional arrangements.

#### **7 Debtors and creditors**

The accounts for the Fire Authority are maintained on an income and expenditure basis. Where actual amounts are not known at the end of April, estimated amounts have been included. Periodic payments and receipts are mainly recorded on a cash basis, and have not been accrued. This policy will be applied consistently each year and therefore will not have a material effect on the accounts.

#### **8 Stocks**

Stocks are generally valued at the lower of actual cost or net realisable value, which accords with the requirements of the Code of Practice and SSAP 9. An average or standard cost is applied to calculate the cost.

#### **9 Provisions**

A provision relates to a liability, or loss, that is likely to be incurred but where there is uncertainty as to the size and timing of the liability. Its purpose must be specific and it is charged to the revenue account where the expenditure would have been incurred. If it becomes clear that a provision, or part of it, is no longer required, then the excess amount is transferred back to the revenue account.



## **Wiltshire and Swindon Fire Authority**

### **Statement of Accounting Policies**

#### **10 Pensions**

The Firefighters' Pension Scheme is a defined benefit, unfunded scheme. Funding arrangements for the scheme changed with effect from 1 April 2006, requiring the Authority to pay employer's contributions to the scheme. These are charged to the Income and Expenditure Account and credited to the Authority's Pension Fund. Payments made to pensioners are charged directly to the Pension Fund, and contributions from employees are credited there. Any shortfall or surplus in the Pension Fund will be met by or paid to central government.

In 1997/98 a provision was established to partly meet the retirement costs of wholetime firefighters who became eligible to leave during that year. This provision was transferred to an earmarked general reserve during 2005/06. Due to the changes to the Firefighters' Pension Scheme, the reserve is still held, but to meet the costs of ill-health retirements and injury compensation payments, which must be paid locally (see Note 19 (J) to the Core Financial Statements).

Non-uniformed staff are eligible for membership of the Wiltshire Pension Fund administered by the former Wiltshire County Council, now Wiltshire Council. The accounts of this Fund are included in Wiltshire County Council's Statement of Accounts.

The pension costs that are charged to the Fire Authority's accounts in respect of its employees are equal to the employer's contributions paid to the funded pension scheme for these employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. These costs have been determined on the basis of contribution rates that are set to meet 100% of the liabilities of the Pension Fund, in accordance with relevant Government Regulations.

The SORP requires full compliance with the requirements of FRS 17 "Retirement Benefits". The adjustments necessary to comply with the requirements of FRS 17 have been made to the Income and Expenditure Account, The Statement of Movement on the General Fund Balance and the Balance Sheet.

In 2008/09 amendments to FRS 17 mean that quoted securities held as assets in the Local Government Pension Scheme are now valued at bid price rather than mid-market value. This is a change to previous accounting policy and has been reflected in the accounts for both 2008/09 and comparative figures for 2007/08.

#### **11 Foreign currency transactions**

Foreign currency transactions are accounted for on the basis of the equivalent sterling value of the underlying transaction, by applying the relevant exchange rate ruling at the time.



## **Wiltshire and Swindon Fire Authority**

### **Statement of Accounting Policies**

#### **12 Redemption of debt**

The Authority's borrowing limit for capital purposes is based on the cumulative amount of capital expenditure it has incurred. To 2006/07, this was set at the level of the Government's Supported Capital Expenditure allocation. From 2007/08, the capital programme and borrowing limit have been set taking account of the affordability of its revenue effects.

The borrowing limit increases each year by the amount of that year's capital expenditure and reduces by the minimum revenue provision, and other methods of financing.

#### **13 Financial liabilities**

Financial liabilities (long-term loans) are initially measured at fair value and carried at their amortised cost. Annual charges to revenue for interest payable are based on the carrying amount multiplied by the effective rate of interest. As the Fire Authority has only fixed rate maturity loans, the amount carried in the Balance Sheet is the outstanding principal and interest charged for the year is the amount payable under the loan agreement.

#### **14 Leasing**

Operating leases are used by the Authority to acquire vehicles as an alternative to borrowing. Annual leasing costs are charged directly to the revenue account. The Authority has not used finance leases.

#### **15 Financial assets**

The Authority invests its working cash balances in the short term money market. These investments are classified as 'loans and receivables' under definitions effective from 1 April 2007, being assets that have fixed or determinable payments but are not quoted in an active market. They are initially measured at fair value and carried at amortised cost. For the investments which the Fire Authority has, this means that the amount in the Balance Sheet is the outstanding principal, including interest accrued at the balance sheet date. The interest credited to the Income and Expenditure Account is the amount due under the terms of the investment.



## **Wiltshire and Swindon Fire Authority**

### **Statement of Accounting Policies**

#### **16 Total cost of services and treatment of overheads**

The net cost of services in the Income and Expenditure Account includes the net total cost of all services, as defined in the Best Value Accounting Code of Practice 2008, non-distributed costs and the costs of the Corporate and Democratic Core. Net total cost includes all expenditure and income directly attributable to the service, including depreciation charges and impairment losses, and the costs of support services and other overheads, which are fully allocated to service divisions.

#### **17 Reserves**

On 1 April 2004, the Fire Authority became a precepting authority and as such is able to hold reserves to guard against unforeseen and therefore unbudgeted expenditure. Details of the reserves which the Authority maintains can be found in Note 19 to the Core Financial Statements.

When expenditure to be financed from a reserve is incurred, it is charged to the net cost of services in the Income and Expenditure Account. A transfer is then made from the reserve to the Statement of Movement on the General Fund Balance so that there is no net charge to the Council Tax for that expenditure.



## **Wiltshire and Swindon Fire Authority**

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

#### **The Finance Director's Responsibilities**

The Finance Director is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices, as set out in the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the United Kingdom ("the Code"). The Statement is required to present fairly the financial position of the Authority at the accounting date, and its income and expenditure for the year ended 31 March 2009.

In preparing this Statement of Accounts, the Finance Director has:

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

The Finance Director has also:

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

**Phil Chow**  
Finance Director



## Wiltshire and Swindon Fire Authority

### Annual Governance Statement

#### Scope of Responsibility

The functions and responsibilities of Fire and Rescue Authorities are set out in the Fire and Rescue Services Act 2004 which came into effect on 1 October 2004.

Under this Act, every Fire and Rescue Authority must make provision for:-

- ◆ Promoting fire safety;
- ◆ Extinguishing fires;
- ◆ Protecting life and property in the event of fires;
- ◆ Rescuing people from road traffic collisions; and
- ◆ Protecting people from serious harm in the event of road traffic collisions.

Wiltshire and Swindon Fire Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Wiltshire and Swindon Fire Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regards to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility Wiltshire and Swindon Fire Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

Wiltshire and Swindon Fire Authority revised its local code of corporate governance in 2008/09, to achieve consistency with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This is available on our website at [www.wiltsfire.gov.uk/publications](http://www.wiltsfire.gov.uk/publications) or can be obtained from the Finance Director, Wiltshire Fire and Rescue Service, Manor House, Potterne, Devizes, Wiltshire, SN10 5PP. This statement explains how Wiltshire and Swindon Fire Authority has complied with the requirements of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* and also meets the requirements of Regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

#### The Purpose of the Governance Framework

The Governance Framework comprises the systems, processes and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.



## Wiltshire and Swindon Fire Authority

### Annual Governance Statement

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Wiltshire and Swindon Fire Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently and economically.

The governance framework has been in place in the Wiltshire and Swindon Fire Authority for the year ended 31 March 2009 and up to approval of the annual report and statement of accounts.

#### The Governance Framework

The Governance Framework describes the key elements of the system and processes that comprise the Authority's governance arrangements including the arrangements for:-

#### **The Authority**

The '*Business Plan 2006-10....Bringing It All Together*' incorporating the Authority's Integrated Risk Management Plan, which is available on our website, identifies the key corporate objectives for improvement. It is reviewed annually by officers and reported to Members for their approval. Taking account of changing national, regional and local priorities, outputs and outcomes for citizens and service users are established, after consultation, and publicised, culminating in the Annual Plan.

#### **Performance Management & Data Quality**

The Authority has a formal Performance Management Strategy, which was approved and adopted by Members in February 2007 and subsequently the Performance Management Framework was approved and adopted by the Management Board (MB), i.e. the Executive, in March 2007. The Authority's Corporate Performance Plan is encapsulated within the '*Business Plan 2006-10....Bringing It All Together*', which clearly identifies the aims, objectives and overriding vision of the Authority. In 2008/09 the Authority streamlined its aims and objectives into the 5 Strategic Aims.



## Wiltshire and Swindon Fire Authority

### Annual Governance Statement

Prior to 2008/09 the Authority commissioned the I&DeA to conduct an external peer review of its Performance Management, the outcome of which was both positive and constructive as it recognised the improvements made, but also identified where areas of further improvement can be targeted. Both Members and officers have continued involvement in improving the performance management culture within the organisation through an action plan. Further work has led to the Performance Management Framework being revised as a direct result.

Both national and local performance indicators and their targets have been established across the range of functions undertaken by the Authority. Monitoring of performance against targets is carried out at Management Board (MB) and Business Management Team (BMT) level and with Members through the Performance Management and Risk Workstream within the Programme and Scrutiny Board.

Processes are in place to enable information on costs and performance to be collected and reviewed. Work in the latter part of 2008/09 has been undertaken to review the coding structure which will be amended for 2009/10, moving to a more 'cost centre' based approach which will assist and enable better management information to link in financial data with performance monitoring.

Shared local intelligence is being used to target community safety provision for hard to reach groups. Partnerships are being used more effectively to improve capacity and these are being evaluated to ensure they help meet the aims of the Authority.

The Authority has clear information on its costs and how these compare to others, and recognises where it needs to improve outcomes in order to provide further value for money.

#### **Roles & Responsibilities**

The 'Members' Handbook' contains details of the main roles and responsibilities of the Fire Authority, its Committees, its Members, the statutory officers, and other members of staff. It is constantly being reviewed and updated, and includes Schemes of Delegation, Financial Regulations, Contract Standing Orders and Codes of Conduct.

The 'Staff Handbook' consists of numerous 'Service Orders' which give clear guidance and policy on a wide range of aspects and operations of the workforce, e.g. employee codes of conduct, confidentiality policy etc. Again, many have been and will be reviewed, consulted upon and communicated in the coming year, as part of the planned review process.



## Wiltshire and Swindon Fire Authority

### Annual Governance Statement

#### Risk Management

The Authority adopted a formal Risk Management Strategy in December 2005 which sets out how the organisation will manage risk in order to ensure that it achieves its aims and objectives.

The Authority has also developed a Strategic Risk Register and risk management framework. Key risks identified have been assigned to responsible officers who are charged with developing appropriate action plans to manage the risk. The Strategic Risk Register and the Fire Authority's risk management arrangements are reviewed by the Risk Management Group (within BMT), and through Management Board reported to the Programme and Scrutiny Board, who have designated responsibility for Risk Management in the Authority. Departmental risk registers are reviewed monthly, linking in with service plans and strategies. Each year the risk management arrangements are audited internally, as part of the internal audit programme, and reported to the Finance Review Committee (Audit Committee).

The Authority also takes part in the National Fraud Initiative review undertaken by central government, and has set procedures in place for dealing with any highlighted data matches identified by this process.

#### Communication/Consultation

The Communications Strategy was revised and updated, following the appointment of the Communications and Media Manager, and an action plan established. A staff benchmarking survey was undertaken towards the latter part of 2008/09 to establish the impact of the actions taken, the results of which are due out in the early part of 2009/10.

Significant unprecedented investment has been made and will continue, encouraging open consultation and engagement with our communities and stakeholders, including a comprehensive staff survey and cultural audit, the results of which will be considered in delivering the services and outcomes for our users and employees.

There is a complaints procedure in place, and a process for dealing with and investigating complaints. This was endorsed with the introduction of the Service's Customer Charter in 2008/09. The Authority also has a confidential helpline, communicated and accessible to all staff, to discuss and receive advice on matters which they consider may be of a serious nature (Whistleblowing Policy).



## Wiltshire and Swindon Fire Authority

### Annual Governance Statement

#### Legal & Regulatory

There are effective audit arrangements, both internal and external audit, to ensure compliance with our internal policies and procedures (e.g. Financial Regulations and Contract Standing Orders), statutes and regulations. Appropriate skilled and competent staff are continually developed, keeping abreast of legal and regulatory changes, through attendance at national, regional and local conferences, seminars and workshops, Continued Professional Development (CPD) and specific training events. Working closely in partnerships with neighbouring local authorities, as well as other Fire and Rescue Services in networking opportunities, also gives us assurance that we are in compliance with our legal and statutory responsibilities.

#### Partnerships

A partnership working framework detailing governance arrangements has been drafted, and an outline of all partnerships prepared. Although the authority has a long and successful history of partnership working, it is recognised that more robust governance arrangements are increasingly required. Community Safety, Co-Responder, Salamander and Safe Drive Stay Alive projects, have proved very successful working partnerships with the community, local authorities, other emergency services and the voluntary sector.

The Tri-Service arrangement with the Police and Ambulance services for the handling of 999 calls is a well established partnership arrangement, and is an example of joint working for the benefit of the communities and offering excellent value for money for the taxpayer.

#### Members' Assurance and Scrutiny

The Programme and Scrutiny Board has responsibility for ensuring that the Authority's services, strategies, policies, plans and resources are subjected to effective scrutiny and overview, and to make recommendations to the Authority for the future delivery of the service.

The work in this area continues to be developed. The Chair of the Programme and Scrutiny Board, the Chief Fire Officer & Chief Executive and the Deputy Chief Fire Officer drafted a programme of work and reviews for the Board to consider, through Task and Finish Groups to undertake within the year, the results of which have been presented to the Board and the Fire Authority.

The Finance Review Committee considers reviews undertaken of the Authority's internal control function, and matters raised by the internal and external auditors. The Committee also has responsibility for the Treasury Management Policy Statement and Practices and the Annual Investment Strategy.



## **Wiltshire and Swindon Fire Authority**

### **Annual Governance Statement**

#### **Review of Effectiveness**

Wiltshire and Swindon Fire Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Directors and Principal Officers within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The key areas of the governance arrangements include:-

#### **The Authority**

The Governance Framework requires an internal review of the effectiveness of the governance arrangements within the Authority, and a part of this review has been carried out by Internal Audit as part of the audit programme for 2008/09. The results of the review and associated action plan will be reported to senior management in due course. The Management Board will continue to periodically review progress on the implementation of the action plan arising from the review, and the Finance Review Committee will be updated on progress throughout the year.

This Annual Governance Statement contains a summary of the findings of the annual review.

#### **Management Board (i.e. the Executive)**

Following the recommendations arising from the CPA in 2005 the management arrangements have been strengthened with the increase in the senior management team to 6, with the latest addition being the new Deputy Chief Fire Officer, starting in March 2008.

The Authority's Principal Officers and Service Directors are responsible for the day to day management and delivery of the service. Each Principal Officer and Director, as well as other key senior officers are required to complete and certify, twice yearly, a statement to demonstrate whether they have any concerns with the system of internal control within their area of responsibility. Any significant concerns or weaknesses are separately identified and reported below.

#### **The Audit /Scrutiny/Risk Management Committees**

The Finance Review Committee hold the role of audit committee, and the Programme and Scrutiny Board has responsibility for risk management. While both fulfil the scrutiny role, the Programme and Scrutiny Board, as the name suggests, has a specific scrutiny function. Each meet quarterly with defined terms of reference as approved by members. A series of scrutiny reviews, through Task and Finish Groups is planned for the coming year.



## Wiltshire and Swindon Fire Authority

### Annual Governance Statement

#### The Standards Committee

The Standards Committee meets on an ad hoc basis as and when issues need to be debated.

During 2008/09 the Standards Committee met on occasion:-

- ◆ to debate the Revised Standards Regime: Constitution etc., of the Committee;
- ◆ to receive and approve the annual report for presentation to the Fire Authority and to also consider procedures and documentation which the Committee was required to put in place to fulfil the roles under the Revised Standards Regime; and,
- ◆ to consider a consultation document issued by the Department for Communities and Local Government (DCLG) on codes of conduct for local authority members and employees.

The Standards Committee is always represented at the Standards Board for England Annual Assembly, and its independent members also sit on the Wiltshire & Berkshire Lay Members Forum.

#### Internal Audit

The Authority has a contract with Swindon Borough Council for the provision of internal audit services up to 31 March 2010. The auditors reviewed the internal control framework which governs the operations of the Service through the audit plan approved by the members in June 2008, and provide an independent and objective opinion, to both management and Members of the Authority, on the robustness of the control environment of the Service. This will culminate in an overall opinion in the annual report to the Finance Review Committee in June 2009.

It is a requirement of the CIPFA Code of Practice for Internal Audit 2003 that Internal Audit provide an 'Audit Opinion' for each service audited. The audit opinion should reflect the risk identified and recommendations made.

At the time of writing, the Internal Auditor's overall 'Audit Opinion' based on the work undertaken to 31 March 2009 was 'Satisfactory'. [This may change dependent on the finalisation of the audits from 2008/09]. The Auditors have been assessed for compliance against the CIPFA Code of Practice, and managers have been very receptive to the recommendations resulting from the work of internal audit, as evidenced by the customer feedback surveys returned on completion of the audits.



## Wiltshire and Swindon Fire Authority

### Annual Governance Statement

Swindon Borough Council's Internal Audit team works to defined professional standards, particularly those promulgated by CIPFA in its Code of Practice for Internal Audit in Local Government. The Internal Audit Plan and Strategy is prepared on the basis of a formal risk assessment, and was referred to the Finance Review Committee for their approval in June 2008. The forthcoming Audit Plan and Strategy for 2009/10 was presented to the Finance Review Committee for formal approval in March 09. The Finance Director acts as the client officer for the internal audit service. The Internal Auditor reports directly to the Fire Authority's Finance Review Committee on both the proposed plan and the main outcomes of audit work.

#### External Audit

The Audit Commission's appointed external auditors are KPMG who undertake the external audit service on their behalf, starting with the audit of the 2008/09 interim audit and final accounts audit.

The external auditor places reliance on some of the work of internal audit, and the Audit Commission have, in their Annual Audit and Inspection Letter, over a number of years, been complimentary about the systems of financial control in operation. Similarly, the external auditor reports his/her plans and delivers his/her Annual Report to the Authority.

The latest Annual Audit and Inspection Letter has been reported to the Finance Review Committee in March 2009.

The External Auditor's Key Messages were:-

1. Comprehensive Performance Assessment  
"The Authority has improved its rating under the Audit Commission's Comprehensive Performance Assessment (CPA). The Authority is now assessed as Fair, an improvement from our original assessment of Weak in 2005."
2. Direction of Travel Report  
"The Authority is improving well under the Audit Commission's Direction of Travel Assessment. Notable progress is being made in achieving national framework priorities, and is achieving good outcomes with its partners for local communities."
3. Operational Assessment of Service Delivery (OASD)  
"The Audit Commission's fire and rescue service assessment of the Authority is 4 - performing strongly - well above minimum requirements. The assessment focussed on service delivery and looked at the effectiveness of the service as experienced by recipients of the service."



## Wiltshire and Swindon Fire Authority

### Annual Governance Statement

4. Use of Resources
- "The Authority achieved a score of 3 (out of 4) for its use of resources underpinned by sound financial reporting, financial management, financial standing and internal controls. Value for money improved again this year resulting in a performing strongly categorisation, the highest level achievable. Your appointed auditor, KPMG, issued an unqualified opinion on your accounts, along with a conclusion that the authority has proper arrangements to secure value for money."

In response to the External Auditor's report the Authority will:-

- ◆ take effective measures to address the areas for improvement highlighted in the Audit Commission's 2008 CPA report;
- ◆ continue work to transform approved policies, strategies and processes in achievements, maintaining a clear focus on delivering high performance in priority areas;
- ◆ continue work to fully integrate budget and service planning processes and ensure that medium and long term plans secure sustained improvement;
- ◆ continue work to develop and implement a comprehensive training and development programme for Members to ensure effective leadership, challenge and accountability;
- ◆ continue to demonstrate clear ongoing commitment from senior management and Members to deliver improvement on Equality and Diversity issues;
- ◆ review efficiency targets and monitor to ensure achieved;
- ◆ continue to improve corporate health performance indicators, in particular sickness absence; and
- ◆ continue to develop and monitor progress in assessing and improving the Authority's performance against the standards in the new use of resources regime.

#### **Significant Governance Issues**

The Authority has assessed its systems and procedures and in the vast majority of cases robust arrangements are in place. The governance reviews undertaken have identified a number of areas where improvements are required and an action plan is recommended for addressing these. Areas for improvement include:-



## Wiltshire and Swindon Fire Authority

### Annual Governance Statement

#### Information Communication Technology (ICT)

The Authority has policies and codes of practice in place concerning ICT security, data protection, freedom of information and information management. However the majority of these need updating to reflect current legislation and organisational structure.

#### Partnerships

The Authority has reviewed and registered the details of all known partnerships, but needs a robust partnership strategy. It will need to ensure that it has agreements in place which clearly demonstrate:-

- ◆ the Authority's and the partners' commitments and responsibilities;
- ◆ the financial and funding status of the partnership;
- ◆ the performance and risk management arrangements; and
- ◆ details of the remedies that will be available in the event of failure by any party to the agreement.

Partnerships will be key tools in providing services to the communities of Wiltshire and Swindon and the governance arrangements are fundamental to the operation of such partnerships especially in light of the newly formed unitary authority covering Wiltshire.

#### Performance Management and the Planning Framework

Performance Management has significantly improved in 2008/09, however there is room for further improvement, and the Authority recognises that more work has to be done if it is to continue to evidence and support effective decision making, improved outcomes and value for money. The performance management framework and planning cycle needs further revision, with smart action plans clearly linking into the corporate aims and objectives at every level of the organisation and with consistency, and improved performance monitoring.



## Wiltshire and Swindon Fire Authority

### Annual Governance Statement

#### Conclusion

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Management Board, and an action plan has been established to address weaknesses and ensure continuous improvement of the systems.

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

**Brigadier Robert Hall**  
Chairman  
Wiltshire & Swindon Fire Authority

September 2009

**Andy Goves**  
Chief Fire Officer & Chief Executive  
Wiltshire Fire & Rescue Service

September 2009



## **Wiltshire and Swindon Fire Authority**

### **Independent Auditor's Report to the Members of Wiltshire and Swindon Fire Authority**

#### **Opinion on the statement of accounts**

We have audited the accounting statements, the firefighters' pension fund accounting statements and related notes of Wiltshire and Swindon Fire Authority for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Authority's Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, and the Cash Flow Statement. The firefighters' pension fund accounting statements comprise the Fund Account and the Net Assets Statement. The accounting statements and the firefighters' pension fund accounting statements have been prepared under the accounting policies set out in the Statement

This report is made solely to Wiltshire and Swindon Fire Authority, as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to Wiltshire and Swindon Fire Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Wiltshire and Swindon Fire Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective Responsibilities of the Finance Director and Auditor**

The Finance Director's responsibilities for preparing the financial statements, including the firefighters' pension fund accounting statements, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

Our responsibility is to audit the accounting statements, the firefighters' pension fund accounting statements and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounting statements, the firefighters' pension fund accounting statements and related notes present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008:

- ◆ the financial position of the Authority and its income and expenditure for the year; and
- ◆ the financial transactions of the firefighters' pension fund during the year and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the

We review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. We report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the governance statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

We read other information published with the accounting statements, the firefighters' pension fund accounting statements and related notes and consider whether it is consistent with the audited accounting statements, the firefighters' pension fund accounting statements and related notes. This other information comprises the Explanatory Foreword. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounting statements, the firefighters' pension fund accounting statements and related notes. Our responsibilities do not extend to any other information.

### **Basis of Audit Opinion**

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements, the firefighters' pension fund accounting statements and related notes. It also includes an assessment of the significant estimates and judgements made by the Authority in the preparation of the accounting statements, the firefighters' pension fund accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounting statements, the firefighters' pension fund accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounting statements, the firefighters' pension fund accounting statements and

### **Opinion**

In our opinion:

- ◆ The accounting statements and related notes present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended; and

- ◆ The firefighters' pension fund accounting statements and related notes present fairly, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial transactions of the firefighters' pension fund during the year ended 31 March 2009 and the amount and disposition of the fund's assets and liabilities as at 31 March 2009, other than liabilities to pay pensions and other benefits after the end

## **Certificate**

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Chris Wilson  
(Senior Statutory Auditor)  
**for and on behalf of KPMG LLP**  
Chartered Accountants  
Statutory Auditor  
100 Temple Street  
Bristol  
BS1 6AG

**September 2009**

## **Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources**

### **Authority's Responsibilities**

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

### **Auditor's responsibilities**

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities and fire and rescue authorities. We report if significant matters have come to our attention which prevent me from concluding that the Authority has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Conclusion**

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities and fire and rescue authorities specified by the Audit Commission and published in May 2008, we are satisfied that, in all significant respects, Wiltshire and Swindon Fire Authority made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2009.

Chris Wilson  
(Senior Statutory Auditor)  
**for and on behalf of KPMG LLP**  
Chartered Accountants  
Statutory Auditor  
100 Temple Street  
Bristol  
BS1 6AG

**September 2009**



## Wiltshire and Swindon Fire Authority

### Income and Expenditure Account 2008/09

Net Expenditure 2007/08 £		Gross Expenditure 2008/09 £	Income 2008/09 £	Net Expenditure 2008/09 £
1,419,234	Community Fire Safety	1,438,869	-3,366	1,435,503
	Statutory Inspection, Certification & Enforcement			
2,022,004	Prevention & Education	2,285,690	-105,569	2,180,121
	Firefighting & Rescue Operations			
19,292,050	Operational Responses	22,028,269	-136,626	21,891,643
1,744,393	Communications & Mobilising	1,823,700	-286,837	1,536,863
100,680	Securing Water Supplies	120,697	-311	120,386
	Corporate & Democratic Core			
407,876	Corporate Management	437,339	-429	436,910
168,374	Democratic Representation & Management	147,829	-206	147,623
0	Non-distributed costs	807,000	0	807,000
<b>25,154,611</b>	<b>Net Cost of Services</b>	<b>29,089,393</b>	<b>-533,344</b>	<b>28,556,049</b>
0	Gain(-)/Loss(+) on the Disposal of Fixed Assets			802
260,183	Interest Payable & Similar Charges			268,572
-264,185	Interest & Investment Income			-161,481
5,632,000	Pensions Interest Cost & Expected Return on Assets			6,464,000
<b>30,782,609</b>	<b>Net Operating Expenditure</b>			<b>35,127,942</b>
-13,504,576	Precepts			-14,189,816
-1,315,155	Revenue Support Grant			-1,139,891
-7,836,669	Non-Domestic Rates Grant			-8,188,393
<b>8,126,209</b>	<b>Deficit for the Year</b>			<b>11,609,842</b>



## Wiltshire and Swindon Fire Authority

### Statement of Movement on the General Fund Balance 2008/09

The Income and Expenditure Account shows the actual financial performance of the Authority for the year measured in terms of resources consumed and generated. However, the Authority is required to raise Council Tax on a different accounting basis. The main differences are:

- ◆ Capital investment is accounted for as it is financed, rather than when fixed assets are consumed.
- ◆ Retirement benefits are charged as amounts become payable to pension funds and pensioners rather than as future benefits are earned.

The General Fund balance compares the Authority's spending against the Council Tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund balance.

2007/08 £		2008/09 £
8,126,209	Deficit for the year on the Income and Expenditure Account	11,609,842
-8,251,004	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	-11,551,255
-124,795	Increase(-)/Decrease in the General Fund Balance for the year	58,587
-597,945	General Fund Balance brought forward	-722,740
-722,740	General Fund Balance carried forward	-664,153



## Wiltshire and Swindon Fire Authority

### Reconciling items for the Statement of Movement on the General Fund Balance

2007/08 £		2008/09 £	2008/09 £
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance:		
-5,900	Amortisation of intangible fixed assets	-19,690	
-461,803	Depreciation of tangible fixed assets	-320,991	
0	Impairment and revaluation of fixed assets	-3,752,926	
0	Charge made on sale of fixed assets	-3,287	
-10,109,000	Net charges made for retirement benefits in accordance with FRS17	-9,942,000	
-10,576,703	Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance:		-14,038,894
197,369	Minimum revenue provision for capital financing	228,589	
0	Capital expenditure charged to the General Fund Balance	282,311	
2,191,281	Employer's contributions payable to the Pensions Account and retirement benefits payable directly to pensioners	2,285,878	
2,388,650	Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance:		2,796,778
-62,951	Net transfer from earmarked reserves		-309,139
<b>-8,251,004</b>	<b>Net additional amount required to be credited to the General Fund Balance for the year</b>		<b>-11,551,255</b>



## Wiltshire and Swindon Fire Authority

### Statement of Total Recognised Gains and Losses 2008/09

2007/08 Restated £		2008/09 £
8,126,209	Deficit for the year on the Income and Expenditure Account	11,609,842
0	Surplus arising on revaluation of fixed assets	-71,443
-19,184,000	Actuarial gains(-)/losses on pension fund assets and liabilities	-2,465,000
12,141	Other gains and losses *	0
-11,045,650	Total recognised gains(-)/losses for the year	9,073,399
	<u>Total net worth (on Balance Sheet)</u>	
95,271,749	At 1 April	84,226,099
84,226,099	At 31 March	93,299,498
11,045,650	Movement in total net worth	-9,073,399

\* In 2007/08, other gains and losses comprise an adjustment to the asset register, and rounding adjustments.



## Wiltshire and Swindon Fire Authority

### Balance Sheet as at 31 March 2009

2007/08 Restated £		Note	2008/09 £	2008/09 £
	Fixed Assets			
51,600	Intangible Fixed Assets	11/13		100,859
12,947,544	Tangible Fixed Assets	11/12		10,003,480
0	Surplus Assets	11/12		10,279
12,999,144				10,114,618
0	Long-term Debtors			1,879
12,999,144				10,116,497
	Current Assets			
203,331	Stocks	15	198,482	
695,630	Debtors	16	1,545,425	
304,311	Payments in Advance		682,280	
2,614,027	Short Term Investments	16/28	1,532,853	
158,370	Cash and Bank		0	
3,975,669				3,959,040
	Current Liabilities			
-1,588,893	Creditors and Receipts in Advance	16	-1,960,599	
-62,300	Provisions	18	-213,900	
-50,000	Borrowing repayable within 1 year	16/17/28	-250,000	
0	Cash Overdrawn		-509,695	
-1,701,193				-2,934,194
2,274,476	Net Current Assets			1,024,846
15,273,620	Total Assets less Current Liabilities			11,141,343
-5,443,000	Long Term Borrowing	16/17/28		-5,193,000
-94,056,719	Net Liability related to Defined Benefit Pension Schemes	24		-99,247,841
<b>-84,226,099</b>	<b>Total Assets less Liabilities</b>			<b>-93,299,498</b>
	<b>Financed by:</b>			
0	Revaluation Reserve	19		68,156
7,393,844	Capital Adjustment Account	19		3,811,137
30,450	Capital Receipts Reserve	19		30,450
-94,056,719	Pensions Reserve	19/24		-99,247,841
722,740	General Fund Balance	19		664,153
1,683,586	Earmarked Reserves	19		1,374,447
<b>-84,226,099</b>	<b>Total Net Worth</b>			<b>-93,299,498</b>



## Wiltshire and Swindon Fire Authority

### Cashflow Statement 2008/09

2007/08 £		2008/09 £	2008/09 £
	<u>Revenue Activities</u>		
	<i>Cash outflows</i>		
-17,386,401	Cash paid to and on behalf of employees	-17,923,520	
-5,343,390	Other operating costs	-6,782,026	-24,705,546
	<i>Cash inflows</i>		
1,315,155	Revenue Support Grant	1,139,891	
7,836,669	Non-domestic rates redistribution	8,188,393	
13,504,576	Precepts	14,189,816	
240,596	Cash received for goods and services	590,475	24,108,575
167,205	<b>Net Revenue Position</b>		-596,971
	<u>Returns on Investments and Servicing of Finance</u>		
	<i>Cash outflows</i>		
-259,735	Interest paid	-268,573	
	<i>Cash inflows</i>		
145,073	Interest received	240,052	-28,521
	<u>Capital Activities</u>		
	<i>Cash outflows</i>		
-936,310	Purchase of fixed assets		-1,073,747
-883,767	<b>Net Cash Inflow/Outflow(-) before Financing</b>		-1,699,239
	<u>Management of Liquid Resources</u>		
	<i>Cash inflows</i>		
1,596,242	Net decrease in short-term deposits		1,081,174
	<u>Financing</u>		
	<i>Cash outflows</i>		
0	Repayments of loans	-50,000	
	<i>Cash inflows</i>		
500,000	New loans raised	0	-50,000
1,212,475	<b>Net Increase/Decrease(-) in Cash</b>		-668,065

Notes 25 to 28 to the Core Financial Statements further explain the above figures.



## Wiltshire and Swindon Fire Authority

### Notes to the Core Financial Statements

#### 1 Prior Period Adjustments

Under the 2008 SORP, the Authority has adopted the amendment to FRS 17, Retirement Benefits. As a result, quoted securities held as assets in the Local Government Pension Fund are now valued at bid price rather than mid-market value. The effect of this change is that the value of scheme assets as at 31 March 2008 was reduced by £35,000. This change has been reflected in both the Balance Sheet (the pensions net liability and pensions reserve figures) and the Statement of Total Recognised Gains and Losses (the actuarial gains and losses figure) by amending the relevant comparative figures for 2007/08.

#### 2 Expenditure on Publicity

In accordance with the requirements of section 5(1) of the Local Government Act 1986, the Authority's spending on publicity was as follows:

2007/08		2008/09
£		£
31,804	Recruitment advertising	26,902
1,766	Other advertising	2,966
7,950	Other publicity	584
<b>41,520</b>	<b>Total Expenditure on Publicity</b>	<b>30,452</b>

#### 3 The Local Authority (Goods and Services) Act 1970

This Act provides for public bodies to supply goods and services to one another on a trading basis. In 2008/09, the Fire Authority's income from activities covered by this Act was £1,882 (£12,569 in 2007/08).

#### 4 Payments to Members of the Authority

The following payments were made to members in accordance with the Authority's approved scheme of members' allowances made under the Local Authorities (Members' Allowances) (England) Regulations 2003. Travelling and subsistence allowances are the reimbursement of expenditure personally and necessarily incurred by members in the performance of their official duties.

Payments made directly by the Authority to third parties for members' fares and accommodation in respect of conferences attended are not included in the details below. The travel and subsistence payments to Mr.D.J.Willmott included £3,550 incurred on behalf of the Local Government Association. This was subsequently reimbursed to the Authority by the Association.



## Wiltshire and Swindon Fire Authority

### Notes to the Core Financial Statements

Name	Type of Allowance				Total Allowances £
	Basic £	Special Responsibility £	Co-optees £	Travel & Subsistence £	
Barker, D	2	0	124	0	126
Batchelor, P	2,287	0	0	0	2,287
Bawden, M	2,287	0	0	0	2,287
Carine, J	3	0	249	259	511
Chettleburgh, B	2,287	0	0	613	2,900
Davis, P R	2,396	0	0	194	2,590
Hall, R	2,023	0	0	630	2,653
Martin, N D	2,287	0	0	289	2,576
Molland, T	2,287	0	0	84	2,371
Montaut, D	2,287	0	0	530	2,817
Osborn, J	2,315	2,030	0	378	4,723
Rugg, P	2,287	0	0	0	2,287
White, M	2,316	2,030	0	733	5,079
Willmott, D J	3,239	8,795	0	6,482	18,516
Wren, D	2,343	2,255	0	3,570	8,168
Wren, K	264	0	0	0	264
<b>Total</b>	<b>30,910</b>	<b>15,110</b>	<b>373</b>	<b>13,762</b>	<b>60,155</b>

#### 5 Officers' Emoluments

The Accounts and Audit Regulations require the disclosure of the numbers of officers whose remuneration exceeded £50,000, analysed in bands of £10,000.

Total Remuneration in 2007/08		Total Remuneration in 2008/09	
Number of Officers	Remuneration bands	Number of Officers	
1	£110,000 - £119,999	0	
1	£100,000 - £109,999	1	
0	£90,000 - £99,999	0	
2	£80,000 - £89,999	1	
0	£70,000 - £79,999	2	
1	£60,000 - £69,999	5	
16	£50,000 - £59,999	17	

#### 6 Related Party Transactions

FRS 8 requires the Authority 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.



## Wiltshire and Swindon Fire Authority

### Notes to the Core Financial Statements

Related Parties of the Fire Authority include members, senior officers, local authorities, central government and the Wiltshire County Pension Fund. All of the people required to declare external interests have replied with nothing to declare.

Details of transactions involving central government, local authorities and Pension Funds are shown throughout the Statement of Accounts and the significant ones, including debtors and creditors due at the year-end, can be summarised as shown in the following table.

2007/08			2008/09	
Exp. and Income	Debtors/ Creditors		Exp. and Income	Debtors/ Creditors
£	£		£	£
		<u>Central Government</u>		
-1,315,115	0	Revenue Support Grant	-1,139,891	0
-7,836,669	0	Non-domestic Rates	-8,188,393	0
-357,536	-309,536	Firefighters' Pensions	-1,378,212	-1,265,816
		<u>Wiltshire County Council</u>		
47,354	11,758	Pay & Pensions Administration	48,527	12,088
		<u>Wiltshire County Pension Fund</u>		
370,383	0	Employer's Contributions	439,763	0
		<u>Wiltshire Constabulary</u>		
225,805	221,823	Emergency Services Control Centre	276,341	276,341
		<u>Kennet District Council</u>		
-1,738,762	0	Precept	-1,847,533	0
35,111	5,826	Financial Services	0	0
68,645	0	Non-domestic Rates	85,239	0
		<u>North Wiltshire District Council</u>		
-2,843,689	0	Precept	-3,036,595	0
77,156	0	Non-domestic Rates	20,797	0
		<u>Salisbury District Council</u>		
-2,498,123	0	Precept	-2,628,178	0
38,215	0	Non-domestic Rates	45,493	0
		<u>Swindon Borough Council</u>		
-3,810,201	0	Precept	-3,949,153	0
17,220	3,920	Legal Advice	19,372	6,257
0	0	Internal Audit Services	30,800	8,514
39,704	0	Non-domestic Rates	81,312	0
		<u>West Wiltshire District Council</u>		
-2,613,801	0	Precept	-2,728,357	0
46,095	0	Non-domestic Rates	48,905	0

Debtors(-) and creditors(+) are included in the figures for income and expenditure.





## Wiltshire and Swindon Fire Authority

### Notes to the Core Financial Statements

#### 10 Operating Leases

The Authority has the use of certain assets under the terms of an operating lease. Operating leases apply to the fleet of vehicles and some items of equipment.

An analysis of lease expiry is provided below:

	Value of Leases £
Expiry by 31 March 2010	39,657
Expiry by 31 March 2011	15,019
Expiry by 31 March 2012	82,195
Expiry by 31 March 2013	34,747
Expiry by 31 March 2014	150,781
Expiry due after 5 years	501,001
Total value of operational leases held at 31 March 2009	823,400
Total value of operational leases held at 31 March 2008	743,256

Anticipated leasing costs in the next two financial years are:

	£
2009/10	1,061,300
2010/11	1,098,300

#### 11 Valuation of Fixed Assets

Fixed assets are included in the Balance Sheet in accordance with the valuation policies described in the Statement of Accounting Policies, with the addition of capital expenditure on purchases and improvements during the year. An analysis of net book value by category is given below.

The most recent full valuation of land and buildings was carried out in March 2007. It covered all the Service's properties in order to update residual values and depreciation charges. The valuation was carried out by AtisReal UK, who are RICS qualified, and external to the Fire Authority. Further full valuations will be carried out every five years, unless circumstances require a more frequent review.

The value of land and buildings was affected by the fall in prices in 2008/09. This impairment was assessed by AtisReal, who carried out a desktop review in March 2009, concluding that the overall value of the non-specialised property portfolio fell by not less than 10% in 2007/08 and by about 25% in 2008/09. The value of specialised property was unaffected by market conditions. The value of the impairment is shown in Note 12.



# Wiltshire and Swindon Fire Authority

## Notes to the Core Financial Statements

Balance Sheet Value 2007/08 £		Balance Sheet Value 2008/09 £
12,144,745	Tangible Fixed Assets (Note 12 below)	
275,249	Land and Buildings	9,046,507
527,550	Operational Vehicles	291,921
0	Operational Equipment	665,052
12,947,544	Surplus Assets	10,279
		10,013,759
51,600	Intangible Fixed Assets (Note 13 below)	
	Software Licences	100,859
<b>12,999,144</b>	<b>Total asset value</b>	<b>10,114,618</b>

### 12 Tangible Fixed Assets

Movements in tangible operational fixed assets during the year were:

	Land and Buildings £	Vehicles £	Equipment £	Total £
<u>Cost or valuation</u>				
At 1 April 2008	12,378,834	2,914,490	1,727,597	17,020,921
Additions	736,965	0	335,010	1,071,975
Disposals	0	-179,292	-200,815	-380,107
Revaluations	0	71,443	0	71,443
Transfers to surplus assets	0	-259,262	-81,328	-340,590
At 31 March 2009	13,115,799	2,547,379	1,780,464	17,443,642
<u>Depreciation and impairment</u>				
At 1 April 2008	-234,089	-2,639,241	-1,200,047	-4,073,377
Depreciation	-101,744	-41,705	-177,542	-320,991
Impairment	-3,733,459	0	0	-3,733,459
Disposals	0	179,292	200,815	380,107
Transfers to surplus assets	0	246,196	61,362	307,558
At 31 March 2009	-4,069,292	-2,255,458	-1,115,412	-7,440,162
<u>Balance Sheet Amount</u>				
At 31 March 2009	9,046,507	291,921	665,052	10,003,480
At 1 April 2008	12,144,745	275,249	527,550	12,947,544



## Wiltshire and Swindon Fire Authority

### Notes to the Core Financial Statements

When operational assets are declared surplus to requirements, their gross value and accumulated depreciation are transferred to a non-operational surplus assets account. At the point of transfer, each asset is revalued to market value. When sold, or disposed of, the value is transferred to the Income and Expenditure Account, which also receives any proceeds of sale, so recording a gain or loss on disposal.

This policy was introduced to bring accounting practice in line with the SORP. It has not been applied retrospectively.

Movements in tangible non-operational fixed assets during the year were:

	<b>Surplus assets</b>
	<b>£</b>
Net Book Value transferred from operational assets	33,032
Revaluations	-19,466
Sales	-3,287
<b>Balance Sheet value at 31 March 2009</b>	<b>10,279</b>

#### 13 Intangible Fixed Assets

Movements in intangible fixed assets during the year were:

	<b>Software</b>
	<b>£</b>
Original cost	59,000
Amortisations to 1 April 2008	-7,400
Balance at 1 April 2008	51,600
Expenditure in Year	68,949
Written off to revenue in year	-19,690
<b>Balance at 31 March 2009</b>	<b>100,859</b>

Software for the Asset Management System was purchased during 2006/07 and 2007/08. The cost is being written off over an estimated ten-year life.

Expenditure in 2008/09 was on a Retained Availability Recording System and a Cartology System. These have an estimated lives of five years.

#### 14 Depreciation

Operational assets, other than land, are depreciated on a straight-line basis over their estimated useful lives, allowing for residual values. Both the lives and the residual values are assessed in accordance with the policy set out in the Statement of Accounting Policies.



## Wiltshire and Swindon Fire Authority

### Notes to the Core Financial Statements

In 2008/09, the useful lives of equipment assets were reassessed, resulting in three assets being extended from 3 years to 4, 5 and 10 years. The effect was to reduce the depreciation on these assets by £50,368 p.a.

The fleet of vehicles previously had no residual values recorded. In 2008/09, an assessment was made of the residual value of all owned vehicles, which totalled £135,809. Vehicles which were fully depreciated were revalued at £71,443, with the balance of £64,366 reducing the depreciation charged over the remaining lives of the other vehicles by £41,690 p.a.

#### 15 Stocks

2007/08		2008/09
£		£
134,913	Uniforms and Protective Clothing	106,989
60,857	Operational Equipment	82,867
7,561	Fuel	8,626
<b>203,331</b>	<b>Total Stock Held as at 31 March</b>	<b>198,482</b>

#### 16 Balances on Financial Instruments

New categories of financial instruments were introduced by the Code of Practice with effect from 1 April, 2007. The Authority has no financial instruments classified as available for sale or at fair value through profit or loss. The Balance Sheet entries are classified as follows:

	31 March 2008		31 March 2009	
	Long term £	Current £	Long term £	Current £
<u>Financial Liabilities</u>				
At amortised cost (PWLB loans)	-5,443,000	-50,000	-5,193,000	-250,000
Creditors	0	-1,588,893	0	** -1,957,599
	-5,443,000	-1,638,893	-5,193,000	-2,207,599
<u>Financial Assets (Loans and receivables)</u>				
Investments	0	2,614,027	0	1,532,853
Trade debtors	0	135,828	0	* 79,645
	0	2,749,855	0	1,612,498

\* Total debtors amounts to £1,545,425, which includes £1,265,816 of top up grant for firefighters' pensions and £79,645 of trade debtors. The remainder of the balance is not significant.

\*\* Total creditors amounts to £1,960,599, which mainly relates to trade creditors of £1,957,599.



## Wiltshire and Swindon Fire Authority

### Notes to the Core Financial Statements

PWLB loans are borrowed from the Public Works Loan Board.  
 Creditor balances represent sums owed by the Fire Authority for supplies and services received before 31 March, but not paid at that date. Under the new requirements, they are known as "trade payables".  
 Debtor balances represent money owed to the Fire Authority for services provided before 31 March, but not received at that date. These are "trade receivables".

#### 17 Fair Value of Financial Instruments

Financial Assets (loans and receivables) and financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been assessed by calculating the present values of the cash flows that will take place over the remaining terms of the instruments, using the following assumptions:

- PWLB loans are discounted at the equivalent interest rate applicable at 31 March on new loans taken out for the period remaining on each loan;
- no early repayment or impairment is recognised;
- where maturity is within 12 months, the carrying amount is assumed to approximate to the fair value;
- the fair value of trade payables and receivables is the invoiced amount.

31 March 2008 £		31 March 2009 £
	<u>Public Works Loans Board - loans</u>	
5,614,853	Fair value	5,998,606
5,493,000	Carrying amount	5,443,000
121,853	Difference	555,606

The increase in the fair value reflects the historically low level of interest rates at the end of 2008/09.

For all other financial instruments, the fair value is the same as the carrying amount.

#### 18 Provision for Pay Reform

A provision was set up in 2007/08 to meet the costs of pay reform for non-uniformed staff. This will take effect from 1 April 2007, but had not been agreed by the end of the 2008/09. The estimated cost for the first two years is £213,900.

#### 19 Reserves

The Authority holds a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up to earmark resources for future spending plans.

The table summarises the movements on reserves during the year and the narrative that follows explains the purpose of each of these reserves.



## Wiltshire and Swindon Fire Authority

### Notes to the Core Financial Statements

Reserve	Note	Balance 1 April 2008 £	Revenue Transfer £	Other Movements £	Balance 31 March 2009 £
Revaluation Reserve	(A)	0	0	68,156	68,156
Capital Adjustment Account	(B)	7,393,844	-4,096,894	514,187	3,811,137
Capital Receipts	(C)	30,450	0	0	30,450
Pensions Reserve	(D)	-94,056,719	0	-5,191,122	-99,247,841
General Reserve	(E)	722,740	-58,587	0	664,153
<b>Earmarked Reserves</b>					
Hydrants	(F)	47,000	23,000	0	70,000
Procurement Strategy	(G)	15,245	-15,245	0	0
Collaboration	(H)	295,001	0	0	295,001
Integrated Risk Management	(I)	18,527	0	0	18,527
Ill Health Retirement	(J)	906,876	-11,894	0	894,982
Insurance	(K)	50,000	0	0	50,000
Building maintenance & improvements	(L)	270,000	-270,000	0	0
Efficiencies	(M)	60,937	-15,000	0	45,937
Uniforms	(N)	20,000	-20,000	0	0
<b>Total Reserves</b>		<b>-84,226,099</b>	<b>-4,464,620</b>	<b>-4,608,779</b>	<b>-93,299,498</b>

#### (A) Revaluation Reserve

The Code of Practice required the establishment of this Reserve on 1 April 2007, with a nil balance. It will reflect the added value of assets on revaluation, that part of depreciation resulting from revaluation, and it will reduce when revalued assets are disposed of or impaired during the year.

In 2008/09, the residual values of vehicles which were fully depreciated but still in use were reassessed and entered in the asset accounts. This reserve balances that increase in value.

#### (B) Capital Adjustment Account

The Code of Practice required the establishment of this Reserve on 1 April 2007, with an opening balance comprising the sum of the balances, at 31 March 2007, on the Fixed Asset Restatement Account and the Capital Financing Account, both of which were abolished.



## Wiltshire and Swindon Fire Authority

### Notes to the Core Financial Statements

The Reserve will be charged with the historical cost of acquiring, creating or enhancing fixed assets, over the life of those assets, through depreciation, impairment or disposal. It will be credited with resources set aside to finance capital expenditure from capital receipts and revenue, including the minimum revenue provision for debt repayment.

Movements on this reserve are set out below.

2007/08		2008/09
£		£
7,676,320	Balance at 1 April	7,393,844
	Transfers to revenue to offset charges	
-461,803	Depreciation of tangible assets	-320,991
-5,900	Amortisation of intangible assets	-19,690
0	Revaluation loss	-19,467
0	Impairment loss	-3,733,459
0	Net book value of sold assets	-3,287
	Other transactions	
197,369	Minimum Revenue Provision	228,589
0	Direct Revenue Financing	282,311
0	Write out Revaluation Reserve balance for sold assets	3,287
-12,142	Adjustments to asset register and roundings	0
7,393,844	Balance at 31 March	3,811,137

#### (C) Capital Receipts Reserve

This reserve contains the proceeds from the disposal of assets, subject to a minimum for each asset of £10,000. There were no new receipts in 2008/09 or 2007/08.

#### (D) Pensions Reserve

This sum balances the pensions liability described in more detail in Note 24.

#### (E) General Reserve

The Authority is able to hold reserves to guard against unforeseen and therefore unbudgeted expenditure. Revenue reserves which are not earmarked for a particular purpose are held in the General Reserve.

#### Earmarked Reserves

#### (F) Hydrants Reserve

The Fire Authority contracts with several water companies to carry out works within the County in respect of hydrants. Orders placed are not always actioned during the period requested and may not be charged in the correct year.



## Wiltshire and Swindon Fire Authority

### Notes to the Core Financial Statements

As a result of the late billing situation the Authority's liability for these works has become substantial. A reserve was therefore established to meet this expenditure, the balance representing the amount anticipated as owing to the water companies.

#### **(G) Procurement Strategy Reserve**

Towards the end of the 2003/04 financial year, the Service undertook an initial review of its procurement strategy which highlighted three areas in which smarter working practices would yield future savings. Funds were transferred to this reserve in 2004/05 to employ a procurement specialist. Transfers to revenue have been made to cover the costs of this fixed-term appointment, which came to an end in 2008/09.

#### **(H) Collaboration Reserve**

This reserve is set aside to finance equipment replacement and upgrades at the current Wiltshire Emergency Services Control Centre, together with potential unforeseen costs associated with the establishment of the Regional Control Centre.

#### **(I) Integrated Risk Management Reserve**

This reserve exists to fund the staffing, accommodation and other associated costs of this essential area of work.

#### **(J) Ill Health Retirement Reserve**

Since 1 April, 2006, the Authority pays a set employers' contribution on behalf of firefighters in the Pension Scheme. All normal retirement costs are in effect paid by central government, but the cost of ill-health retirements and injury compensation granted is paid locally. This reserve recognises this specific liability, and guards against unforeseen events of this nature.

#### **(K) Insurance Reserve**

During 2006/07, the renegotiation of the Authority's insurance policies resulted in a significant saving on previous years' premiums and a subsequent underspending in the insurance budget. This reduction in premiums did, however, rely on the Authority accepting a higher level of risk, by increasing the excesses on the policy. All major insurable risks remain covered by the policy, but the liability and motor sections are now subject to excesses of £5,000, with aggregate limits of £50,000 and £40,000 respectively.

The insurance reserve was established from the savings on insurance premiums to support this additional level of risk.

#### **(L) Building Maintenance & Improvements Reserve**

The purpose of this reserve is to enable much needed improvements to buildings to be progressed and financed. The balance was used in 2008/09 to offset the Direct Revenue Financing of improvements made to buildings as part of the Capital Programme.



## Wiltshire and Swindon Fire Authority

### Notes to the Core Financial Statements

#### **(M) Efficiencies Reserve**

This reserve was established in 2007/08 to progress work in identifying and implementing reviews to establish efficiencies for future years. It was partly used in 2008/09 to finance costs connected with the implementation of the IT system for recording the availability of retained firefighters.

#### **(N) Uniforms Reserve**

During 2007/08, it was planned to buy new shirts and uniforms for staff, but this could not be done due to delays in contractual agreements. This reserve was set up to allow unbudgeted purchases in 2008/09.

### **20 Contingent Liabilities**

The Authority is required to disclose if there are possible obligations which may require payment or a transfer of economic benefit. At the time of the closure of accounts, two such contingencies existed.

#### Retained firefighters' part time status

Employment Tribunal cases have been heard regarding whether or not retained firefighters are employed under the same type of contract as wholetime firefighters for the purpose of the Part-time Workers' Regulations. Following a House of Lords ruling, the Tribunal has decided that the exclusion of the retained firefighters from the Firefighters' Pension Scheme and their sick pay arrangements are unlawful. The Tribunal indicated that the parties should endeavour to reach a negotiated settlement and agreed to stay the cases to allow negotiations to take place. The negotiations are continuing and no guidance has yet been issued to authorities on the practical implementation of the Tribunal ruling.

This may mean the payment of members of the Service in line with the wholetime firefighters' salaries and other terms and conditions. It is not yet possible to make a reliable estimate of the cost to the Authority, and no provision has been made in the Accounts.

#### Costs of transferring to a Regional Control Centre

The Authority has a tri-service arrangement for the joint emergency control centre, with the Police and Ambulance services. The Authority was required to give to its partners three years' notice of its intention to withdraw from the agreement. It has done this in the anticipation that it would move its Control function to the Regional Control Centre, as part of the national FireControl Project, subject to the Authority approving any such move. This notice can be withdrawn at any time.

As a consequence of any decision to move away from the tri-service agreement, costs may be incurred in relation to payments to partners to compensate them for the additional shared costs they would have to meet. These costs would be offset by the Authority's share of the value of the remaining part of the lease. The net amount is not yet known, but it is expected to be in excess of £1 million.



## **21 Contingent Assets**

The Accounting Code of Practice defines a contingent asset as a possible asset that arises from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control. Contingent assets are not recognised in the Income and Expenditure Account or in the Balance Sheet because prudence cautions that the gains may never be recognised.

No contingent assets have been recognised at the Balance Sheet date.

## **22 Authorisation of Statement of Accounts**

The Statement was authorised for issue by the Finance Director, Phil Chow, on 19 June 2009.

## **23 Events after the Balance Sheet Date**

Post balance sheet events occur between the balance sheet date and the date the accounts are authorised for issue. Events which have a material effect on the accounts must be disclosed in a note.

No post balance sheet events have been identified in this period.

## **24 Retirement Benefits**

### **A Participation in Pension Schemes**

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make these payments which needs to be disclosed at the time that employees earn their future entitlements. Therefore, in accordance with FRS17 (Retirement Benefits), the Authority must disclose its share of assets and liabilities related to pension schemes for its employees.

The Authority participates in three pension schemes:-

- the Firefighters' Pension Scheme (FPS) for uniformed personnel - this is an unfunded scheme, meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.
- the New Firefighters' Pension Scheme (NFPS) for uniformed personnel - this came into effect from 6 April 2006. It applies to all joiners from that date and any members of the FPS who opt to join the new scheme. As with the FPS, the new scheme is unfunded.
- the Local Government Pension Fund for other employees, administered by Wiltshire Council - this is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The fund is invested in equities, bonds, property and other investments.



## Wiltshire and Swindon Fire Authority

### Notes to the Core Financial Statements

In addition, the Authority has made arrangements for the payment of added years to certain retired employees outside the provisions of the schemes.

#### B Change of Accounting Policy

Under the 2008 SORP the Authority has adopted the amendment to FRS 17, Retirement Benefits. As a result, quoted securities held as assets in the Local Government Pension Fund are now valued at bid price rather than mid-market value. The effect of this change is that the value of scheme assets at 31 March 2009 has been restated from £5,826,000 to £5,797,000, a decrease of £29,000, resulting in an increase of the pension deficit of £29,000 (31 March 2008: increase of £35,000). Current and prior year surpluses have been unaffected by this change.

#### C Transactions Relating to Retirement Benefits

The cost of retirement benefits is recognised in the Income & Expenditure Account when they are earned by employees rather than when the benefits are actually paid as pensions. However, the charge that is required to be made against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of the Movement on the General Fund Balance. The transactions on the FPS and NFPS are aggregated in the Accounts. The following transactions have been made in the Income and Expenditure Account and the Statement of the Movement on the General Fund Balance during the year:

	<u>Firefighters' Schemes</u>		<u>Wiltshire County Fund</u>	
	<u>2007/08</u>	<u>2008/09</u>	<u>2007/08</u>	<u>2008/09</u>
	£	£	£	£
<u>Income &amp; Expenditure Account</u>				
Net Cost of Services:				
Current service cost	-3,800,000	-2,300,000	-477,000	-371,000
Transfers in	-200,000	0	0	0
Past service costs	0	-700,000	0	-107,000
Net Operating Expenditure:				
Interest cost	-5,600,000	-6,400,000	-472,000	-565,000
Expected return on assets in the scheme	0	0	440,000	501,000
Net Charge to the Income & Expenditure Account	-9,600,000	-9,400,000	-509,000	-542,000
<u>Statement of Movement on General Fund Balance</u>				
Reversal of net charges made for retirement benefits under FRS 17	9,600,000	9,400,000	509,000	542,000
Actual amount charged Employer's contributions payable to the scheme	-1,820,898	-1,855,447	-370,383	-430,431



## Wiltshire and Swindon Fire Authority

### Notes to the Core Financial Statements

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial gains and losses of £2,465,000 (£19,184,000 in 2007/08 as restated) were included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses is -£4,920,000.

#### D Assets and Liabilities in Relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities:

	<u>Firefighters' Schemes</u>		<u>Wiltshire County Fund</u>	
	2007/08	2008/09	2007/08	2008/09
	£	£	£	£
1 April	102,900,000	92,300,000	8,477,000	7,923,000
Current service cost	3,800,000	2,300,000	477,000	371,000
Interest cost	5,600,000	6,400,000	472,000	565,000
Contributions by scheme participants	900,000	900,000	158,000	180,000
Transfers in from other authorities	200,000	0	0	0
Transfers out to other authorities	0	0	0	0
Actuarial gains and losses	-17,700,000	-3,600,000	-1,574,000	-947,000
Benefits paid	-3,400,000	-4,100,000	-87,000	-120,000
Past service costs	0	700,000	0	107,000
<b>31 March</b>	<b>92,300,000</b>	<b>94,900,000</b>	<b>7,923,000</b>	<b>8,079,000</b>

The scheme liabilities as detailed in the above table are those provided by the actuary. The total pensions deficit as presented in the Balance Sheet differs due to the variations between actual employer contributions made in the year and the estimates used by the actuary.

This can be reconciled as follows:

	<u>Firefighters' Schemes</u>		<u>Wiltshire County Fund</u>	
	2007/08	2008/09	2007/08	2008/09
	£	£	£	£
Actuarial scheme liability at 31 March	92,300,000	94,900,000	7,923,000	8,079,000
Cumulative difference in employer contributions	679,102	2,023,655	22,617	42,186
Liabilities as per the Balance Sheet	92,979,102	96,923,655	7,945,617	8,121,186



## Wiltshire and Swindon Fire Authority

### Notes to the Core Financial Statements

Reconciliation of fair value of the scheme assets:

	Wiltshire County Fund	
	2007/08 £	2008/09 £
1 April	6,024,000	6,868,000
Expected rate of return	440,000	501,000
Actuarial gains and losses	-60,000	-2,082,000
Employer contributions	391,000	450,000
Contributions by scheme participants	160,000	180,000
Benefits paid	-87,000	-120,000
<b>31 March</b>	<b>6,868,000</b>	<b>5,797,000</b>

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period.

The actual return on scheme assets in the year was £1,581,000 (2007/08: £357,000).

Scheme history:

	2004/05 *	2005/06 *	2006/07 As restated	2007/08 As restated	2008/09
	£000s	£000s	£000s	£000s	£000s
Present value of liabilities:					
Wiltshire Fund	-6,301	-8,166	-8,477	-7,923	-8,079
Firefighters' Schemes	-88,200	-103,600	-102,900	-92,300	-94,900
Fair value of assets in the Wiltshire Fund	4,328	5,591	6,024	6,868	5,797
Surplus/deficit in the schemes:					
Wiltshire Fund	-1,973	-2,575	-2,453	-1,055	-2,282
Firefighters' Schemes	-88,200	-103,600	-102,900	-92,300	-94,900
<b>Total</b>	<b>-90,173</b>	<b>-106,175</b>	<b>-105,353</b>	<b>-93,355</b>	<b>-97,182</b>

\* The Authority has elected not to restate the fair value of scheme assets for 2004/05 and 2005/06 as permitted by FRS 17 (revised).



## Wiltshire and Swindon Fire Authority

### Notes to the Core Financial Statements

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £97.182m (£99.248m as adjusted for the difference in employer contributions as reconciled above) has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £93.299m.

However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- the deficit on the Wiltshire County Fund will be made good by increased contributions over the remaining life of employees, as assessed by the scheme actuary
- finance is only required to be raised to cover firefighter pensions when the pensions are actually paid.

The total contributions expected to be made to the Wiltshire County Fund by the Authority in the year to 31 March 2010 is £0.506m. Expected contributions for the Firefighters' Schemes in the year to 31 March 2010 are £1.692m.

#### **E Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Firefighters' Schemes and the County Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries.



## Wiltshire and Swindon Fire Authority

### Notes to the Core Financial Statements

The principal assumptions used by the actuary have been:

At 31 March	Firefighters' Schemes		County Fund	
	2008	2009	2008	2009
Long-term expected rate of return on assets in the scheme:				
Equity investments	-	-	7.7%	7.0%
Bonds	-	-	5.7%	5.6%
Property	-	-	5.7%	4.9%
Cash	-	-	4.8%	4.0%
Mortality assumptions:				
Longevity for current pensioners*:				
Men	25.4	27.6	19.6	19.6
Women	28.4	31.0	22.5	22.5
Longevity for future pensioners*:				
pensioners:				
Men	26.1	29.2	20.7	20.7
Women	29.1	32.7	23.6	23.6
Rate of inflation	3.6%	3.1%	3.6%	3.1%
Rate of increase in salaries	5.1%	4.6%	5.1%	4.6%
Rate of increase in pensions	3.6%	3.1%	3.6%	3.1%
Rate for discounting scheme liabilities	6.9%	6.9%	6.9%	6.9%
Take-up of option to convert annual pension into retirement lump sum	90.0%	90.0%	90.0%	90.0%

\* Longevity assumptions are based on retirement at 65 for the County Fund and 60 for the Firefighters' Schemes.

The Firefighters' Pension Schemes have no assets to cover liabilities. Assets in the Wiltshire County Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion of the total assets held by the Fund:

At 31 March	Assets in the Fund	
	2008	2009
	%	%
Equity investments	65.6	62.0
Bonds	17.8	23.0
Property	10.9	9.0
Cash	5.7	6.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>



## Wiltshire and Swindon Fire Authority

### Notes to the Core Financial Statements

#### F History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2008/09, and shown in the Statement of Total Recognised Gains and Losses, can be analysed into the categories, measured as a percentage of assets or liabilities at 31 March 2009:

	<u>Firefighters' Schemes</u>				
	2004/05 %	2005/06 %	2006/07 %	2007/08 %	2008/09 %
Experience gains and losses on liabilities	6.58	-0.48	-0.78	3.68	0.74

	<u>Wiltshire County Fund</u>				
	2004/05 %	2005/06 %	2006/07 %	2007/08 %	2008/09 %
Differences between the expected and actual return on assets	-0.51	13.63	-1.53	-0.87	-35.92
Experience gains and losses on liabilities	-1.43	1.65	2.96	-2.57	-0.01



## Wiltshire and Swindon Fire Authority

### Notes to the Core Financial Statements

#### 25 Reconciliation of Revenue Cash Movements in the Cash Flow Statement to the Income & Expenditure Account

2007/08		2008/09	2008/09
£		£	£
-8,126,209	Deficit on Income & Expenditure Account		-11,609,842
	<u>Adjustments for Accruals</u>		
9,390	Stocks	4,850	
112,886	Debtors	-849,795	
-228,069	Payments in Advance	-377,969	
-62,609	Creditors	371,706	
3,300	Provisions	151,600	-699,608
	<u>Adjustments for other non-cash items</u>		
467,703	Depreciation	340,680	
0	Impairment and revaluation losses	3,752,926	
10,109,000	FRS17 retirement benefits charges	9,942,000	14,035,606
	<u>Adjustments for items shown elsewhere in the Statement</u>		
114,662	Net interest received(-)/paid	28,521	
-2,191,281	Employer's pension contributions	-2,285,878	
-41,568	Other adjustments	-65,770	-2,323,127
167,205	Net Movement from Revenue Activities		-596,971

#### 26 Reconciliation of the Movement in Cash to the Movement in Net Debt

2007/08		2008/09
£		£
1,212,475	Net increase/decrease(-) in cash	-668,065
-500,000	Net loans raised(-) and repaid	50,000
-1,596,242	Net increase/decrease(-) in short term deposits	-1,081,174
-883,767	Movement in Net Debt	-1,699,239
-1,836,836	Net Debt at 1 April	-2,720,603
-2,720,603	Net Debt at 31 March	-4,419,842



## Wiltshire and Swindon Fire Authority

### Notes to the Core Financial Statements

#### 27 Reconciliation of items under the Financing and Management of Liquid Resources sections of the Cash Flow Statement to the opening and closing Balance Sheets

Movement 2007/08 £		Balance Sheet 1 Apr 2008 £	Balance Sheet 31 Mar 2009 £	Movement 2008/09 £
	<u>Management of Liquid Resources</u>			
-1,596,242	Short term deposits	2,614,027	1,532,853	-1,081,174
	<u>Financing</u>			
-500,000	Loans raised or repaid	-5,493,000	-5,443,000	50,000

#### 28 Disclosure of the nature and extent of risks arising from financial instruments

The Fire Authority's activities expose it to a variety of financial risks, including -

- 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
- market risk - the possibility that financial loss might arise as a result of changes in interest rates, prices and other market conditions.

In managing these risks, the Authority has formally adopted a Treasury Management Policy Statement which complies with CIPFA's "Treasury Management in the Public Sector: Code of Practice". It has also set treasury management indicators to monitor key financial instruments risks in accordance with CIPFA's Prudential Code.

The Authority's Treasury Management Policy states that the successful identification, monitoring and control of risk are the prime criteria by which the effectiveness of treasury management will be measured, and that the authority will pursue optimum performance consistent with the risks associated with these activities.

##### **Credit risk**

The Authority invests temporarily surplus cash in short-term deposits with banks and other financial institutions in accordance with its Annual Investment Strategy, which gives priority to security and liquidity rather than yield.



## Wiltshire and Swindon Fire Authority

### Notes to the Core Financial Statements

The 2008/09 Investment Strategy allowed internal staff to invest surplus cash in a limited range of specified deposits, either fixed term or on call, but with a maximum term of less than one year. The credit criteria are set out below.

Institution	Minimum rating	Maximum investment
Highest quality financial institutions	F1+/AA-	£5m
Other Local Authorities	-	£1m
100% owned subsidiaries of clearing banks	F1+/AA-	£1m
Top ten Building Societies	-	£1m
Other Building Societies	F1/AA	£1m
Other Building Societies	F1/A	£0.5m
Merchant or secondary banks	F1/A	£0.5m

The maximum investment refers to sums invested with any one institution at any one time. The ratings are determined by Fitch and published on their website. The criteria are used to derive lists of institutions which may be used, and authority is delegated to the Finance Director to vary the lists and limits as circumstances dictate.

At 31 March 2009, £1.5m was invested with two financial institutions. The Authority has had no experience of default with any of its short-term investments.

The Authority does not generally allow credit to its debtors. At 31 March 2009, there were no material debts more than three months past their due date.

#### Liquidity risk

The authority has borrowed exclusively from the Public Works Loan Board, and has ready access to funds from this source. Therefore there is no significant risk that it will be unable to finance its commitments. Liquidity risk lies rather in the maturity profile of existing debt, which could result in a significant proportion of total debt requiring replacement at a time of adverse market conditions. This risk is taken into account when deciding on terms for new borrowing.

The maturity profile of borrowings as at 31 March is as follows.

2007/08		2008/09
£		£
50,000	Less than one year	250,000
250,000	One to two years	50,000
730,000	Two to five years	1,409,000
2,827,000	Five to ten years	2,660,000
1,636,000	Over ten years (last date October, 2027)	1,074,000
5,493,000	Total loans outstanding	5,443,000

No more than £976,000 matures in any one year.



## **Wiltshire and Swindon Fire Authority**

### **Notes to the Core Financial Statements**

Creditors and other payables are all due within one year.

#### **Market risk**

The Authority is exposed to risk in terms of interest rate movements. A fall in rates increases the fair value of fixed rate borrowings, but this does not impact upon the Income and Expenditure Account or the Statement of Total Recognised Gains and Losses. As all borrowings are at fixed rates, this gives certainty of cash flow. However, a fall in rates does have an impact on revenue income in the form of investment interest. A judgement of prospective changes in rates is made when the annual budget is set, and performance is monitored through the year by regular reporting.

During 2008/09, the money market was subject to significant changes in interest rates, such that interest income fell to £161,000 in 2008/09 from £264,000 in 2007/08. This represented an average rate of 4.78% on sums invested (5.75% in 2007/08). A 1% change in interest rates would thus increase or decrease revenue income by £34,000, other factors being constant.

The Authority is not exposed to significant risks in relation to price inflation or exchange rates in relation to its treasury management activities.



## Wiltshire and Swindon Fire Authority

### Firefighters' Pension Scheme Pension Fund Account 2008/09

2007/08 £		2008/09 £
	<u>Contributions Receivable</u>	
-1,636,367	From employers	-1,622,883
-897,211	From members	-894,857
-2,533,578		-2,517,740
	<u>Transfers In</u>	
-257,523	Individual transfers from other schemes	-139,790
-2,791,101	Total Income	-2,657,530
	<u>Benefits Payable</u>	
2,461,632	Pensions	2,650,306
640,344	Commutation of pensions and lump sum retirement benefits	1,385,436
3,101,976		4,035,742
	<u>Transfers Out</u>	
46,661	Individual transfers to other schemes	0
3,148,637	Total Expenditure	4,035,742
357,536	Net amount payable for the year before top-up grant	1,378,212
-48,000	Less Grant received on account for the year	-112,396
-309,536	Balance of Top-up Grant receivable	-1,265,816
0		0

### Pension Fund Net Assets Statement at 31 March 2009

31 Mar 2008 £		31 Mar 2009 £
	<u>Current Assets (Debtors)</u>	
309,536	Pension top-up grant receivable from sponsoring department (DCLG)	1,265,816
309,536	Net Current Assets and Liabilities	1,265,816



## **Wiltshire and Swindon Fire Authority**

### **Notes to the Pension Fund Accounts**

#### **1 Administration of the Firefighters' Pension Fund**

The Firefighters' Pension Scheme (Amendment) (England) Order 2006 established new arrangements for the Scheme with effect from 1 April 2006. The Scheme is unfunded, meaning that there are no investment assets built up to meet future liabilities. Employees and the Fire Authority, as employer, both pay contributions into the Fund, based on percentages of pay which are set nationally and are subject to triennial revaluation by the Government's Actuary.

Sums paid into the Fund as contributions or transfers from other schemes, and sums paid out as benefits or transfers, are specified by regulations. Any difference between sums receivable and payable is met by a top-up grant from, or payment to, the Department for Communities and Local Government.

The Firefighters' Pension Scheme pays pensions and defined benefits to former wholetime employees and those retained employees who retired on ill-health grounds with duty injuries. It is now closed to new entrants.

The New Firefighters' Pension Scheme provides pensions and defined benefits to wholetime and retained staff at Watch Manager level and below who joined since April 2006.

Operational staff who join the Service at Station Manager level or above who are not existing members of the Firefighters' Pension Scheme may join the Local Government Pension Scheme.

The Schemes and Fund are administered by Wiltshire Council on behalf of the Fire Authority.

#### **2 Accounting Policies**

The Pension Fund accounts are maintained on an income and expenditure basis. Where actual amounts due are not known at the end of April, estimated amounts have been included. Any periodic payments and receipts are mainly recorded on a cash basis, and have not been accrued. This policy will be applied consistently each year and therefore will not have a material effect on the accounts.

#### **3 Future Liabilities**

The Pension Fund Account and the Pension Fund Net Assets Statement take account only of the transactions, assets and liabilities which relate to the 2008/09 financial year. They do not take account of liabilities to pay pensions and other benefits after this period. Details about future liabilities are set out in Note 24 to the Core Financial Statements.



## Wiltshire and Swindon Fire Authority

### Glossary of Terms

#### **Accounting Policies**

Rules and practices adopted by the Authority that dictate how transactions and events are shown and costed.

#### **Accruals**

Income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

#### **Actuary**

An independent professional who advises on the position of the pension fund.

#### **Actuarial Valuation**

The Actuary reviews the assets and liabilities of the pension fund every three years.

#### **Amortisation**

The writing down of an asset over a period of time in order to charge the revenue account for that asset's usage.

#### **Amortised cost**

The basis of recording financial liabilities, derived by discounting cash flows over the term. For loans at fixed interest rates, or variable rates linked to base rate, without significant transaction costs, the amortised cost should equate to the principal of the loan.

#### **Annual Governance Statement**

A statement produced under the requirements of CIPFA's Framework - Delivering Good Governance in Local Government (June 2007), which is a 'proper practice' as defined by the Department for Communities and Local Government. It incorporates the review of the effectiveness of the system of internal control required by the Accounts and Audit Regulations.

#### **Assets**

Items that are owned by the Authority or money that is owed to it.

#### **Balance Sheet**

Statement of recorded assets and liabilities and other balances at the end of the accounting period.

#### **Capital Adjustment Account**

This account is credited with all sources of finance for capital expenditure, other than loans. One of these sources is a provision from revenue, equivalent to the minimum revenue provision. It is charged with the historical cost of acquiring, creating or enhancing fixed assets, over the life of those assets, through depreciation and impairment losses.



## Wiltshire and Swindon Fire Authority

### Glossary of Terms

#### **Capital Expenditure**

Expenditure on new fixed assets such as land and buildings or on the enhancement of existing assets so as to significantly prolong their useful life or increase their market value.

#### **Capital Financing Requirement (CFR)**

The Capital Financing Requirement comprises the value of past and current capital expenditure, less sources of financing, other than borrowing.

#### **Capital Programme**

The budget for expenditure on capital assets.

#### **Capital Receipts**

Income received from the disposal of land, buildings and other capital assets.

#### **Cash Flow Statement**

The statement which summarises the Authority's inflows and outflows of cash during the year.

#### **CIPFA**

The Chartered Institute of Public Finance and Accountancy.

#### **Council Tax**

A local tax on domestic properties introduced in 1993 to replace the Community Charge (Poll Tax). Income from Council Tax finances that part of the Authority's net spending which is not met by Government Grants or Non-domestic Rates.

#### **Creditors**

Amounts owed by the Authority for goods and services received on or before 31 March.

#### **Current Assets**

Assets that are expected to be used in the short term (less than one year), such as cash and stock.

#### **Debtors**

Amounts owed to the Authority for goods and services provided on or before 31 March.

#### **Depreciation**

The loss in value of an asset due to age, wear and tear, deterioration and obsolescence. An annual charge is made to the revenue account to reflect this.



## Wiltshire and Swindon Fire Authority

### Glossary of Terms

#### **Earmarked Reserves**

Amounts set aside for a specific purpose, a particular service or a type of expenditure.

#### **Fair Value**

The value of a financial instrument as if it were taken out at the present time for a similar term in a similar market.

#### **Financial Instruments**

Contracts which give rise to a financial asset or liability, such as loans and investments, trade payables (creditors) and receivables (debtors), and financial guarantees.

#### **Fixed Assets**

Assets that result in benefits to the Authority and the services it provides for more than a year, such as land, buildings, vehicles and IT systems.

#### **General Fund**

The account that summarises the revenue costs of providing services that are met by the Authority's demand for Council Tax, Government Grants and other income. The Fund balance (General Reserve) is carried forward as part of the Authority's Reserves.

#### **Gross Expenditure**

Total expenditure before deducting income.

#### **Gross Book Value**

The value of an asset before deducting depreciation and impairment losses.

#### **Impairment**

The permanent diminution in the value of a fixed asset, caused either by a consumption of economic benefits or by a general fall in prices.

#### **Income & Expenditure Account**

This statement reports the net cost of all the Authority's functions and demonstrates how that cost has been financed from government grants and Council Tax income.

#### **Intangible Fixed Assets**

Fixed assets owned by the Authority other than land, buildings, vehicles and equipment, such as software licences.

#### **Liabilities**

Amounts owed by the Authority to lenders or suppliers.

#### **Minimum Revenue Provision**

The minimum amount the Authority must charge to its revenue account to provide for the repayment of debt.



## Wiltshire and Swindon Fire Authority

### Glossary of Terms

#### **Minor Capital Works**

Works carried out to improve the Authority's land and buildings.

#### **Net Book Value**

The remaining value of an asset after deducting depreciation and impairment losses.

#### **National Non-Domestic Rates (NNDR)**

A flat rate in the pound set by Government, levied on businesses and paid into a National Pool. The Authority receives a share from the National Pool as part of its annual funding - the redistributed amount.

#### **Net Expenditure**

Gross expenditure less income.

#### **Operating Lease**

A lease under which the asset can never become the property of the lessee.

#### **Outturn**

Actual income and expenditure for the financial year.

#### **Precept**

The charge made by one Authority to another to finance its net expenditure.

#### **Provisions**

Amounts set aside for any liability or loss that is likely to be incurred in a future year, but where the exact amount and date is uncertain. A provision can be set up only if a reliable estimate can be made of the amount of the obligation to pay.

#### **Prudential Code**

The Prudential Code for Capital Finance in Local Authorities. This was published by CIPFA in 2003. Local authorities are required to comply with its provisions when setting their capital programmes.

#### **Prudential Indicators**

A series of measures, set out in the Prudential Code, which demonstrate that the authority is complying with the Code in terms of affordability, prudence, sustainability, practicality, etc., in its capital activities and treasury management.

#### **PWLB**

The Public Works Loan Board - the principal source of long-term capital for local authorities.



## Wiltshire and Swindon Fire Authority

### Glossary of Terms

#### **Reserves**

The amount held in balances and funds that are free from specific liabilities or commitments.

#### **Revaluation**

Assets included in the Balance Sheet at current value should be formally revalued at intervals of no more than five years, and the revised amount should be included in the Balance Sheet.

#### **Revaluation Reserve**

A record of the accumulated gains on the fixed assets arising from increases in value, as a result of inflation or other factors, to the extent that these gains have not been consumed by subsequent reductions in value.

#### **Revenue Expenditure**

The regular day to day costs of running the organisation.

#### **Revenue Support Grant (RSG)**

The main grant paid by Central Government to a local authority towards the cost of its services.

#### **R.I.C.S.**

The Royal Institution of Chartered Surveyors.

#### **Statement of Recommended Practice (SORP)**

Recommendations on accounting practices issued by CIPFA.

#### **Statement of the Movement on the General Fund Balance**

This statement reconciles the surplus or deficit on the Income and Expenditure Account to the General Fund Balance.

#### **Statement of Total Recognised Gains and Losses**

This statement summarises all the Authority's gains and losses during the year.

#### **Tangible Fixed Assets**

Assets such as land, buildings, fixtures and fittings, equipment and vehicles.

#### **Treasury Deposits**

Cash surpluses invested on the money market in order to receive income from interest.

#### **Treasury Management**

The management of cash flows, banking, lending and borrowing; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.