DORSET & WILTSHIRE
FIRE AND RESCUE
AUTHORITY

Statement of Accounts

2018/19

PASSIONATE ABOUT
CHANGING & SAVING LIVES

Contents

Certificate for the Approval of the Statement of Accounts

I confirm that these accounts were approved at the Finance and Governance Committee held on 24 July 2019.

Ben Ansell
Chief Fire Officer
10 September 2019

Narrative Report

1 Introduction

Welcome to the Statement of Accounts for the Authority for the year ended 31 March 2019. Publication of these accounts is required under the current Accounts and Audit Regulations, and their form is prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code), published by the Chartered Institute of Public Finance & Accountancy (CIPFA). The information contained in the Statement is of a highly technical nature, and readers may find it useful to refer to the glossary at the end of this document.

This Narrative Report provides a guide to the Statements that follow, describing changes in accounting policies and presentation, explaining material items within the Accounts, comparing revenue spending with the budget that was set for the year, outlining the resources available for capital expenditure and other financial commitments and setting the accounts into the context of ongoing plans for service delivery.

- 50 fire stations
- 74 fire engines
- 1,400 members of staff and volunteers

With 50 fire stations covering the area, and serving our local communities, crews are available to respond to emergency calls 24 hours a day. This operational response is supported by staff based at a number of other sites, including our Headquarters in the Five Rivers Health & Wellbeing Centre in Salisbury, support offices in Potterne and Poundbury, Control Centre in Potterne (where 999 calls are answered), Training Centres in Devizes and West Moors, Vehicle Workshops in Charminster and Melksham and Occupational Health suites based in Bromham and Hamworthy.

The Service is accountable to the public via the Authority, which is made up of 18 members from the five current constituent authorities of Bournemouth, Poole, Dorset, Wiltshire and Swindon. This will reduce to four constituent authorities from April 2019, with the formation of the new Bournemouth, Christchurch and Poole Council and Dorset Council, following local government reorganisation in Dorset. Sound governance arrangements are in place for the Authority. A comprehensive framework of assurance exists to support the Statement of Assurance and the Annual Governance Statement. The process by which these statements are developed has received substantial assurance from our internal auditors.

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The activities of the Service are governed by the Home Office and legislation, with responsibilities set out in the Fire and Rescue Services Act 2004 and the Fire and Rescue National Framework for England. Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) independently inspects all fire and rescue services, assessing and reporting on efficiency, effectiveness and leadership. The Service was subject to its first inspection in November 2018, with the inspection report due for publication in June 2019.

The Service is working towards making life safer for people in Bournemouth, Poole, Dorset, Wiltshire and Swindon and helping to strengthen and secure the changing communities we live in, by working together with others to deliver local solutions for local priorities. Full details of our plans are set out in our Community Safety Plan (CSP), which runs from 2018 through to 2022. The CSP is refreshed annually to take account of our dynamic operating environment and ever-changing risk profile. We have a number of key targets to achieve over the of the life of the CSP to help us to measure the progress we make against our five key priorities:

- Priority 1: Help you to make safer and healthier choices (*this priority is concerned with how we prevent incidents*)
- Priority 2: Protect you and the environment from harm (*this priority is concerned with how we protect individuals and groups, buildings, and the wider environment from harm*)
- Priority 3: Be there when you need us (*this priority is concerned with having the right people in the right place with the right equipment and training to safely deal with any reasonably foreseeable emergency)*
- Priority 4: Make every penny count (*this priority is concerned with governance (including information management); health and safety; financial management and asset management*)
- Priority 5: Supporting and developing our people (*this priority is concerned with workforce and succession planning; learning and development; leadership and culture; and health and wellbeing*)

Priorties 1 to 3 are monitored by our Local Performance and Scrutiny (LPS) Committees. The LPS's are an innovative and effective way of monitoring performance across a large fire and rescue service area, whilst maintaining a local focus. They help foster local accountability and allow for service delivery to be tailored to local needs and expectations.

Performance against Priorities 4 and 5 is reviewed by the Finance and Governance Committee, allowing the Authority to fulfil its wider corporate role in terms of audit, governance, financial and people management.

The full Community Safety Plan is available on our website (www.dwfire.org.uk) if you would like to know more.

2 Signing and rounding conventions

Throughout the Statement, payments, expenditure and assets are shown as positive figures (debits) and receipts, income, reserves and liabilities as negative figures (credits). All amounts recorded in the accounts are rounded to the nearest whole pound.

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3 Explanation of the Statements

The Statement of Accounts comprises the following elements:

◆ Narrative Report

This provides a guide to the most significant matters reported in the Statement of Accounts. It explains the purpose of the various statements and notes and the relationships between them. It also sets out information about the Authority's financial performance and economy, efficiency and effectiveness in its use of resources over the financial year, as required by the Accounts and Audit Regulations 2015, together with commentary on our wider corporate performance.

◆ Statement of Accounting Policies

Accounting policies are included for all items that have a significant effect on the amounts included in the financial statements. Examples of such items include the measurement bases used, accruals, financial instruments, leases, overheads, provisions and reserves. Note 1 to the Financial Statements sets out the critical judgements that have been made in applying accounting policies.

◆ Statement of Responsibilities for the Statement of Accounts

This sets out the respective responsibilities of the Authority and the Treasurer in preparing, publishing and approving the Statement of Accounts. The Treasurer signs this statement, stating that it gives a true and fair view of the financial position of the Authority at 31 March 2019 and of its income and expenditure for the year.

◆ Independent Auditor's Report

The Statement of Accounts is audited by Deloitte LLP, whose opinion and certificate is included in this section following the conclusion of the audit.

◆ The Financial Statements

There are four principal financial statements which, taken together, show the results of the stewardship and accountability of elected Members and management for the resources entrusted to them. These results are contained in the information about the Authority's financial position, performance and cash flows. Full information is presented relating to the year of account, 2018/19, along with comparative information for the previous year.

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◆ Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost of providing services in the year in accordance with generally accepted accounting practices. The gross expenditure and income on the revenue account is supplemented by amounts in respect of financing and investment activities, gains and losses on the sale or revaluation of assets, pension adjustments, taxation and general grant income. The resulting deficit on the provision of services is taken to the Movement in Reserves Statement to be adjusted back to the actual deficit for the year under statute.

Comprehensive Income and Expenditure Statement	2017/18 £	2018/19 £
Cost of Services	59,618,442	71,809,753
Other Operating Expenditure	-7,691,045	-8,392,132
Financing & Investment Income & Expenditure	16,159,452	15,226,979
Taxation & Non-specific Grant Income	-54,453,782	-55,174,565
Deficit on Provision of Services (in CIES)	13,633,067	23,470,035
Other Comprehensive Income & Expenditure	-14,268,704	-7,884,226
Total Comprehensive Income & Expenditure	-635,637	15,585,809

◆ Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on the different reserves held by the Authority, analysed between usable and unusable reserves. Usable reserves can be used to fund expenditure or set against the need to raise the Council Tax. Further detail about all reserves, and restrictions on their use, is given in Notes 14 and 15.

The statement adjusts the deficit on the provision of services calculated on an accounting basis to show the entries required under regulations to get back to the actual deficit for the year and the movement on each reserve. The balances on the principal reserves are shown in the table below. The balance on the General Fund has reduced due to a transfer out of the General Fund. The Authority spent less on running the Fire and Rescue Service in the year than was raised in resources. The significance of the balance on the Pensions Reserve is explained in paragraph 7 below.

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Movement in Reserves Statement	See Note	31 March 2018 £	31 March 2019 £
Usable reserves			
General Fund	14	-22,297,836	-17,857,554
Capital Receipts	14	-1,102,843	0
Total usable reserves		-23,400,679	-17,857,554
Unusable reserves			
Pensions Reserve	26c & 15c	563,492,000	578,254,000
Reserves for accounting purposes	15a, b, d, e	-8,123,334	-12,842,651
Total unusable reserves		555,368,666	565,411,349

◆ Balance Sheet

The Balance Sheet shows the value at the balance sheet date of the assets, liabilities and reserves of the Authority, with long-term and current assets and liabilities shown separately. For this purpose, 'current' generally means within 12 months of the reporting date.

The most significant item in the Balance Sheet is the Pensions Liability, matched by the Pensions Reserve. These amounts are explained in Note 26 and later in this Narrative Report. The true net worth of the Authority is shown in this table by deducting the Pensions Reserve from the total Reserves. This adjusted figure matches the net assets less the Pensions Liability.

Balance Sheet	31 March 2018 £	31 March 2019 £
Long-term assets	45,227,033	48,883,664
Current assets less current liabilities	9,511,977	4,197,941
Pensions Liability	-563,492,000	-578,254,000
Other long-term liabilities	-23,214,997	-22,381,400
Net liabilities	-531,967,987	-547,553,795
Net worth (Total Reserves)	531,967,987	547,553,795
Net worth excluding Pensions Reserve	-31,524,013	-30,700,205

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◆ Cash Flow Statement

This statement shows the movements in cash and cash equivalents during the year. Cash equivalents are short-term liquid investments that are readily convertible to cash. The statement classifies cash flows arising from operating, investing and financing activities. The statement is constructed indirectly by removing from the other statements all accruals and other accounting adjustments, leaving the transactions which involve cash or cash equivalents. The net movement in cash and cash equivalents in the year is reconciled to the movement shown in that item on the Balance Sheet.

Cash Flow Statement	2017/18 £	2018/19 £
Net cash flows arising from:		
Operating activities (transactions on Revenue Account, Grants and Council Tax)	-4,335,971	-1,651,208
Investing activities (purchase and sale of fixed assets and investments)	1,234,115	2,286,654
Financing activities (repayment of long-term borrowing)	1,961,346	1,524,099
Net (increase)/decrease in cash and cash equivalents	-1,140,510	2,159,545

◆ Notes to the Financial Statements

The four financial statements are followed by comprehensive notes. The Notes give more detail about items shown on the face of the financial statements, present information required under regulations or by the Code which is not presented elsewhere and provide further information relevant to an understanding of the accounts. The notes are cross-referenced to the financial statements, the accounting policies and to each other as appropriate. Comparative figures for 2017/18 are shown as required.

◆ Expenditure and Funding Analysis (EFA) Note

The Expenditure and Funding Analysis shows how expenditure is used and funded from resources (Government grants, Council Tax and business rates) by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision-making purposes by the Authority. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

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Expenditure and Funding Analysis Note	2017/18		
	Net Expenditure General Fund £	Adjustments £	Net Expenditure in the CIES £
Net Cost of Services	51,924,099	7,694,343	59,618,442
Other Income and Expenditure	-53,486,000	7,500,625	-45,985,375
Surplus or Deficit	-1,561,901	15,194,968	13,633,067
Opening General Fund Balance at 1 April	-27,601,689		
Less (+) or plus (-) Surplus or Deficit on the General Fund in the year	-1,561,901		
Less (+) or plus (-) Transfers to Reserves made in the year	6,865,754		
Closing General Fund Balance at 31 March	-22,297,836		

Expenditure and Funding Analysis Note	2018/19		
	Net Expenditure General Fund £	Adjustments £	Net Expenditure in the CIES £
Net Cost of Services	54,060,114	17,749,639	71,809,753
Other Income and Expenditure	-54,526,100	6,186,381	-48,339,719
Surplus or Deficit	-465,986	23,936,020	23,470,035
Opening General Fund Balance at 1 April	-22,297,836		
Less (+) or plus (-) Surplus or Deficit on the General Fund in the year	-465,986		
Less (+) or plus (-) Transfers to Reserves made in the year	4,906,269		
Closing General Fund Balance at 31 March	-17,857,554		

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◆ The Firefighters' Pension Fund Account and Net Assets Statement

The Firefighters' Pension Scheme is an unfunded pension scheme, and as such it holds no assets that need to be ring-fenced. Instead the purpose of the Firefighters' Pension Fund Account is to provide a basis for identifying the balance of cash-based transactions taking place over the year and the arrangements needed to close that balance. The primary objective is to allow the separation of the cost of providing pensions from the cost of running a fire and rescue service. For this reason, the pension fund account is shown after the other financial statements. The net cost of the pensions in the year is met by a grant from the Government.

Firefighters' Pension Fund Account	2017/18 £	2018/19 £
Income - Contributions from firefighters and the Authority	-6,166,299	-6,109,692
Expenditure - Pensions, commutations and transfers paid to other schemes	13,745,764	14,806,319
Net cost of pensions met by Government Grant	7,579,465	8,696,628

◆ Glossary of Terms

The glossary is provided to aid the reader in understanding the complex terms that are used throughout the Statement of Accounts.

4 Comparison of revenue outturn to budgets

Each year, a net revenue budget is approved, funded through the sums raised by Council Tax, Government grants, and planned transfers to or from reserves. During the financial year virements and budget adjustments are approved within this sum, with any change in total budget being matched by a change in transfers to or from reserves. The actual spending on Service's running costs, interest payable and other operating costs, net of income generated from charges and contributions, is known as the outturn. The outturn is contained within the CIES, but does not match the format of that Statement as required by the Code. A reconciliation is shown in the EFA note. The difference between the outturn and the budget is transferred to or from Reserves.

In order to demonstrate the Authority's stewardship of public funds, a comparison of the outturn to the budget is shown in the next table, followed by reasons for the most significant variations in 2018/19.

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2017/18	Original Budget £	Approved Budget £	Outturn £	Variation £
Employees	42,693,000	43,022,200	41,437,519	-1,584,681
Premises	3,127,700	3,144,200	3,163,606	19,406
Transport	1,495,900	1,563,000	1,546,591	-16,409
Supplies and Services	4,542,800	5,657,100	5,728,258	71,158
Agency and Contracted Out Services	2,404,400	2,728,800	2,700,131	-28,669
Democratic Representation	141,400	141,400	125,878	-15,522
Capital Financing and Leasing	2,946,200	8,842,100	8,802,394	-39,706
Income	-3,200,700	-4,107,100	-4,714,524	-607,424
Transfers to (+) or from (-) Reserves	-664,700	-7,505,700	-6,865,754	639,946
Net expenditure	53,486,000	53,486,000	51,924,099	-1,561,901

2018/19	Original Budget £	Approved Budget £	Outturn £	Variation £
Employees	43,491,600	44,422,100	43,845,587	-576,513
Premises	3,336,500	3,338,300	3,780,706	442,406
Transport	1,542,400	1,373,700	1,391,526	17,826
Supplies and Services	4,743,000	5,587,200	5,650,167	62,967
Agency and Contracted Out Services	2,138,100	2,413,700	2,402,581	-11,119
Democratic Representation	103,400	103,400	89,351	-14,049
Capital Financing and Leasing	2,968,400	7,039,800	7,031,533	-8,267
Income	-3,533,300	-4,615,600	-5,225,068	-609,468
Transfers to (+) or from (-) Reserves	-264,000	-5,136,500	-4,906,269	230,231
Net expenditure	54,526,100	54,526,100	54,060,114	-465,986

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Main reasons for variations in 2018/19	Variation from Budget £	£
Employees		
Net savings on pay costs through active workforce management and fewer transition posts	-290,000	
Reduction in other employee costs, including training and occupational health	-286,000	
		-576,000
Running expenses		
Additional property repair and maintenance costs, and utilities	142,000	
Rental charges for West Moors training centre	300,000	
Increase in fuel costs	18,000	
Additional spend on equipment purchase, repair & maintenance and other supplies & services	63,000	
Savings on support contracts, consultancy and agency work	-11,000	
Saving on Authority running costs	-14,000	
Reduced leasing charges	-8,000	
		490,000
Income and transfers to or from reserves		
Additional grants, contributions received and other income	-637,000	
Reduction in investment income	27,000	
Variations in transfers to and from earmarked reserves	230,000	
		-380,000
		-466,000

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5 Material assets acquired or liabilities incurred

Notes 5 and 6 show movements on property, plant and equipment and intangible assets by way of capital expenditure, depreciation, amortisation, revaluations and disposals. Additions to these assets are also set out in Note 22, which shows how the additions were financed in the year. The table below shows the amounts added to asset values through capital expenditure.

Capital expenditure in the year	See Note	2017/18 £	2018/19 £
Enhancements to existing buildings		552,308	891,715
Safety Centre and Strategic Hub		0	0
National Fire Control Services Partnership ICT systems		127,958	228,862
Other ICT systems and communications equipment		1,083,810	479,216
Firefighters' helmets, PPE & other equipment		270,502	690,700
Vehicles		3,720,595	3,775,583
Property, plant and equipment	5	5,755,173	6,066,076
Software licences (intangible assets)	6	239,744	-1
Total capital expenditure	22	5,994,917	6,066,075

6 Material or unusual charges or credits

The Cost of Services includes a total of £3,749,107 for depreciation and amortisation charges. There were also unrealised gains of £1,785,226 which were credited to the Revaluation Reserve and revaluation losses of £263,645 charged to the Cost of Services. The amounts charged to the Cost of Services are not costs to the General Fund, so they are transferred to Capital Reserves in the MIRS.

The other material items included in the CIES are those concerned with the notional entries that are required for pensions. These are set out and explained in Note 26. All of the pensions entries that contribute to the Surplus or Deficit on the Provision of Services are reversed in the MIRS. The cost in the year of employers' contributions to the various pension schemes and payments to pensioners not covered by the Government Grant is then added back (£6,401,465).

Material items of expenditure shown in the MIRS are charges to the General Fund for revenue provisions for the repayment of debt and capital expenditure financed from revenue. The statutory Minimum Revenue Provision (MRP) was £1,405,552 and the Authority also set aside £950,216 for repayments of liabilities related to a finance lease and the Private Finance Initiative. £4,227,109 of capital expenditure was financed from the revenue account.

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7 The Pensions Liability

Reference has already been made to the Pensions Liability and Reserve, which have a significant impact on the Balance Sheet of the Authority. The balance was £578,254,000 at 31 March 2019, an increase of £14,762,000 since the start of the year. All of the figures for pensions, except the actual contributions made by employees and the Authority, are calculated or estimated by the Actuary, who interprets the requirements of International Accounting Standard (IAS) 19 "Employee Benefits" and other relevant accounting provisions. The Authority has apppointed Barnett Waddingham LLP, a firm of independent actuaries, to estimate the value of the liability in relation to the FPS each year. Wiltshire Council, as the administering authority for the LGPS, appointed Hymans Robertson LLP as the actuaries to value the Wiltshire Council Pension Fund.

Details of the transactions for pensions are set out and explained in Note 26, which also describes the nature and benefits of the schemes to which the Authority contributes - the Firefighters' Pension Scheme (FPS), which includes the 1992, 2006, 2015 and Modified schemes, and the Local Government Pension Scheme (LGPS). The transactions for the various firefighters' schemes are aggregated in the Accounts.

Up to and including October 2018 the LGPS was adminstered by both Dorset County Council (for LGPS members previously employed by Dorset Fire & Rescue Service) and Wiltshire Council (for LGPS members previously employed by Wiltshire Fire & Rescue Service). With effect from 1 November 2018, all LGPS members in the Dorset scheme were transferred into the Wiltshire Pension Fund and Wiltshire Council is now responsible for administering the scheme as a whole.

The sum shown as the Pensions Liability represents the underlying commitment that the Authority has in the long run to pay post-employment (retirement) benefits. As such, it appears in the Balance Sheet as a long-term creditor. Each year, the amount of future benefits earned by current members of the schemes (the "current service cost") is charged to the Cost of Services in the CIES and credited to the Pensions Liability. A "past service cost" may arise if the value of future benefits earned in previous years increases due to changes in pensions policy. The Pensions Liability has been impacted by the Court of Appeal ruling in the McCloud/Sargeant Case. Further details are included in Note 2.

The CIES is also charged, in the section for "Financing income and expenditure", with net interest on the defined benefit liability. The cost in 2018/19 was £14,180,000. This charge is taken out of the General Fund in the MIRS.

The CIES shows, after the surplus or deficit on the provision of services, the "actuarial gains and losses" on pensions assets and liabilities. These are the changes to be made to the value of the liability as a result of the judgements and calculations made by the Actuary.

8 Borrowing and other sources of funds

The Balance Sheet as at 31 March 2019 shows that outstanding debt stands at £9,975,363, of which £201,688 is repayable within a year. £782,344 was repaid in 2018/19. Additionally, the Authority repaid £109,846 in respect of a finance lease in 2018/19. There are no further repayments due in relation to this finance lease.

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Note 22 to the Financial Statements shows how capital spending in 2018/19 was financed by revenue contributions, capital grants and receipts. A favourable cash flow during the year, together with the receipt of grants and the underspending on the revenue account, has meant that it proved unnecessary to borrow long-term funds during 2018/19.

The Authority approves an annual Treasury Management Policy, which includes arrangements for borrowing. The current policy is to borrow from the Public Works Loan Board, the temporary money market, bank overdraft and internal balances. Access to leasing markets is also available if market conditions indicate that leasing is worthwhile. There is ready access to the Public Works Loan Board, which is part of HM Treasury, for long-term loans, but account is taken of the risks of treasury management, daily cash flows, trends in interest rates, national market conditions and forthcoming maturities, when deciding whether and when to borrow, and for how long. Note 28 shows the incidence of future loan maturities.

9 Provisions, contingencies and write-offs

When it is known that payments will have to be made, but the date of payment is not certain, the Authority is able to charge the amount to the CIES in the year and credit a provision in the Balance Sheet. When the payment is made, it is set against the provision, and the revenue account is only charged if the provision proves insufficient. If no reliable estimate of the payment can be made, then there is a contingent liability. The revenue account then has to be charged in the year of payment, even if the liability related to an event in a past year. Contingent assets and liabilities are not shown in the Balance Sheet, as no amount can be calculated, bu tany that exist are described in Note 27. There was one contingent liability recognised at 31 March 2019.

The Balance Sheet at 31 March 2019 contains two provisions totalling £812,930. These are set out in Note 13.

As part of the revised arrangements for non-domestic rates starting on 1 April 2013, the Authority shows in the Balance Sheet an allocated 1% share of the provisions made by the billing authorities for appeals against rating valuations. These are as notified by the billing authorities and amounted to £720,023 at 31 March 2019.

The Authority also makes provision for insurance claims that have been notified, but not settled, during the current or earlier financial years. The value of these claims was estimated at £92,097 at 31 March 2019.

There were no material write-offs of debts during the year. The Authority includes within debtors on the Balance Sheet its share of Council Tax and Non-Domestic Rates arrears, net of a provision for bad debts, as notified by the billing authorities. Those authorities do not provide information about sums written off against these provisions.

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10 Material events after the reporting date

Post Balance Sheet events occur between the Balance Sheet date (31 March 2019) and the date on which the accounts are authorised for issue. These may be adjusting events - i.e. the figures recorded in the accounts must be changed, or non-adjusting events, for which there must be a note to the financial statements, but no actual change to the figures. Under the Code, adjusting events do not require a note, but material events would generally have to be explained. The existence of post Balance Sheet events is reviewed each time the Statement is published, both before and after audit.

11 Future developments and the impact of the current financial restraints on the Authority

The finance settlement for 2019/20, issued on 29 January 2019, confirmed that our funding level would reduce by 3.2% compared to 2018/19, which was in line with expectations. Since 2016-17 our funding has reduced by 20.2% compared to an average reduction in funding across all fire authorities (excluding London) of 15.1%. The Authority took advantage of the flexibility given in the finance settlement to increase Council Tax up to the referendum limit of 3%.

Against this backdrop, the Authority has established a balanced budget for 2019/20 totalling £55.845m. Our medium-term financial plan (MTFP) demonstrates how we intend to balance our revenue and capital budget requirements over the next few years, making effective use of reserves and balances where necessary. The MTFP projections show deficits in future years: £0.942m in 2020/21, £1.664m in 2021/22 and £2.203m in 2022/23. These projections are based on our current assumptions about future funding, but there remains a significant degree of uncertainty about this due to the Fair Funding Formula review, Spending Review 2019 and changes to the financial arrangements for the Firefighters Pension Scheme. The outcome of Brexit discussions could impact on the Government's plans and Spending Review timetable. Additional one-off funding in 2019/20, for the pensions issue, has been agreed by HM Treasury.

Financial sustainability is a key risk and focus area for us. The Authority has continued to make changes to the way that frontline and support activities are delivered. We continue to work with representative bodies to ensure progress is made in proposing changes that will deliver further financial savings and efficiencies. We continue to invest in our on-call firefighters, and we now have on-call support officers across the Service working with employers and on-call staff to provide a sustainable on-call duty system, improving our availability, identifying and removing barriers to recruitment, streamlining our on-call recruitment processes and improving retention.

We are continuing to invest in electronic systems, to help reduce administration and simplify internal processes and procedures. The Authority continues to explore opportunities for achieving efficiencies through joint procurement and joint working arrangements with partners.

Our future plans are set out in more detail in our Community Safety Plan 2018-2022.

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12 Performance 2018/19

Performance arrangements for the Service for 2018/19 are centred on the delivery of the strategic priorities defined within the Community Safety Plan 2018/2022. Each of our priorities is supported by Key Lines of Enquiry (KLOEs), which pose specific questions against which our performance is appraised using performance indicators and commentary provided by officers throughout the year. The full review of service performance can be found in the annual report on our website (dwfire.org.uk).

Priority 1: Help you to make safer and healthier choices

Our education programmes aim to contribute towards creating safe and healthy communities by educating children and young people to be aware of their age-appropriate responsibilities in keeping themselves and others safe and well. The impact of these programmes is initially measured through the teachers' and group leaders' evaluation on the children's increase in knowledge and understanding of the key safety and health messages. Assessment of longer-term behavioural change and knowledge retention is measured by follow-up focus groups. In this year 40,359 children have received fire safety education messages in schools, children's groups and bespoke educational sessions.

Our Safer People and Responsible Communities (SPARC) and Salamander programmes continue across the two counties, with 16 courses delivered in the year. Over the past 12 months we also ran three Prince's Trust courses, with 33 young people attending. The programme is yielding very positive results, for example 79% of young people graduating from our Prince's Trust programme have moved into education, employment or training within six months of graduating.

Across the Service area, HM Coroner has, to date, confirmed that, sadly, there have been three fire deaths in 2018/19. Three potential fire deaths are awaiting HM Coroner's verdicts. Each fire death is investigated at a fatal fire case conference to explore Service and multi-agency learning and improvement. We also consider how we can improve the identification of vulnerable individuals and tailor our interventions accordingly.

A total of 11,654 Safe and Well visits were completed in 2018/19. Our targeting strategy has been reviewed and a more refined approach has been developed which focuses on those most at risk from fire where more than one vulnerability exists.

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Priority 2: Protect you and the environment from harm

The fire safety department has been busy and continues to be highly productive. In 2018/19 there were: 1,198 fire safety audits; 1,580 consultations over building regulations; 392 licensing applications and 1,141 positive engagements with businesses. This important work helps us to design safety within the fabric and use of the building. From a wider perspective, Officers have considered the Independent Review of Building Regulations and Fire Safety led by Dame Judith Hackitt. As a Service, we are well placed in terms of the recommendations. Officers have also been monitoring the Grenfell Tower Public Inquiry to capture potential issues that emerge as the inquiry proceeds.

Operational crews and On-Call support officers continue to identify premises; gather and review information on key premises risks within their geographical areas to help ensure that they are prepared for emergency incidents, should they occur.

Our safeguarding procedure and internal processes have been developed collaboratively to make sure there is alignment across local authorities and partner agencies. They are governed by a set of key principles and themes that are aligned to statutory responsibilities and best practice.

Priority 3: Be there when you need us

From an emergency response perspective, the past 12 months have been extremely busy for the Service. We have attended 3,788 fires including 1,201 deliberate fires and 696 accidental dwelling fires. We have rescued 87 people from fires and 328 people from road traffic collisions. The number of special service calls continues to rise, and Officers are continuously reviewing the nature of, and resource allocation to, those calls, to ensure that we maximise the efficiency of our emergency response arrangements.

Narrative Report

We have a corporate target to achieve a 10-minute response time (including call handling and travel time) to fire in sleeping risk premises on 75% of occasions. Performance for 2018/19 was 70.6%. To have achieved the corporate target within 2018/19, the Service would need to have met the response standard at an additional 36 incidents. During periods of reduced appliance availability, duty managers determine resource disposition to maximise coverage and minimise risk.

The percentage for the first appliance attending road traffic collisions within 15 minutes (including call handling and travel time) was 77.8% in 2018/19. All failures to meet the response standards are investigated to see if there were any contributing factors that are in our control that could be improved.

Priority 4: Make every penny count

Sound governance arrangements are in place and there are no significant strategic issues or areas of concern to raise with Members. This position was reflected in the annual Statement of Assurance which is required under the Fire and Rescue National Framework for England 2018 and was signed off by Members in September 2018 at the Finance and Governance Committee. Our internal auditors gave a "substantial" rating when reviewing our arrangements.

The Authority continues to be a low-spending and efficient authority. By the end of 2017/18 we had achieved 97% of the targets in our Efficiency Plan 2016/17 to 2019/20. Firefighter costs per person were £18.82 compared to an all-England average of £21.91. This reflects the high dependence on On-Call firefighters which is 46% compared to an all-England average of 70%.

The Service continues to maintain sound information governance arrangements. We have received 121 requests for information under the Freedom of Information Act, only four of which were responded to outside the 20-day deadline, resulting in 97% compliance. Monitoring of the corporate complaints process demonstrates that complaints are being managed effectively and there is no cause for overall concern. A recent survey conducted by HMICFRS indicates that the perceived effectiveness of the Service was 87%, slightly higher than the all-England average. During this period, 19 subject access requests were also received under the General Data Protection Regulation (GDPR) and all were responded to within the legal timeframe.

Narrative Report

In November the British Standards Institution (BSI) auditors awarded the Service BSI 18001 across the whole of the Service area. This is a considerable achievement with only two other fire and rescue services in England achieving this award. We are now working towards International Organisation for Standardisation (ISO) 45001 - the new international standard for occupational health and safety.

During the year there has been a decrease in the number of days lost to injury or ill-health, with a total number of 981 days lost in 2018/19, compared to 1,603 during 2017/18. This is a total reduction of 39%.

We have made good progress with the development of the integrated systems approach to asset management. The estates, fleet and hydrant management systems have been merged onto single systems. Our stores system is being consolidated into the finance system to deliver more efficient working and we have commenced the procurement for a new equipment management database to help us manage more than 50,000 pieces of equipment. New personal protective equipment for firefighters and new vehicles are currently being procured and rolled out in line with our capital programme. The Service continues to rationalise and share its estate and is working with key partners through ‘one public estate’ initiatives. Currently 25 out of 60 buildings are shared, with the majority of our stations open to the community.

Priority 5: Supporting and developing our people

The Service has a range of projects and initiatives to help position it as an employer of choice for under-represented groups including an equality, diversity and inclusion programme, and improved flexibility for staff and managers through the smarter working programme. The Service has had a successful positive action campaign to help attract female and other under-represented groups, whilst maintaining robust standards of entry. The campaign for wholetime firefighters has resulted in a good level of interest from these groups; however, this has not translated into significant changes to the recruitment intake. Officers are currently analysing the reasons behind this and are seeking to support more longer-term campaigns (particularly for On-Call stations) through developing more localised recruitment campaigns at station level. 17.2% of operational staff recruitment was from under-represented groups in 2018/19.

Narrative Report

The Service has recruited 21 wholetime firefighters and it is pleasing to note that, as of 31 March 2019, the number of On-Call firefighters leaving the Service is falling for the first time in many years, with more starters than leavers. Notwithstanding this, 22% of On-Call staff left within two years of joining the Service, with work, family and personal commitments being a significant factor.

We continue to work hard to support the development of our leaders and talented staff. Our promotion procedure already enables accelerated progression of our talented staff. We have produced a prospectus for our development pathways which provides staff with information on what learning and development interventions they 'must', 'should' or 'could' undertake. We continue to make good progress with e-learning and we have progressed with the development of a blended approach to learning and development activities.

The Service has invested in a new command suite at Salisbury Fire Station and in mobile incident command training facilities. The Service has forged an exciting partnership with the Royal National Lifeboat Institution (RNLI) which has the potential to be extended to other organisations at a sub-regional level, including the police. The leadership programmes that are being developed are at three management levels, supervisory, middle and strategic.

The Service has a robust and audited health and wellbeing programme to support staff. MIND Bluelight has provided training for the Leadership Masterclasses and a Mental Health Awareness e-learning package is in place for all staff. Absence management continues to be a key focus for the Service and improvements identified by internal auditors are being actioned. Overall, absence management has improved by 8.3% since last year.

13 Further information

Publications which cover the Authority's budgeting, performance and operational activity are available on the website of the Dorset & Wiltshire Fire and Rescue Authority (dwfire.org.uk).

Statement of Significant Accounting Policies

1 General principles

The general principles adopted in compiling the accounts of the Authority are in accordance with the recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA). They are contained in the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code), which is based on International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS). This Code constitutes a 'proper accounting practice' under the terms of section 21(2) of the Local Government Act 2003. The accounts are prepared on a going concern basis.

There are a number of new standards being introduced in the 2018/19 Code but they will not come into effect until April 2019. These changes relate to interests in other entities and foreign currency transactions. The changes to accounting arrangements for leases which were expected to be made from April 2019 have been deferred for another year.

The accounting policies specified in this Statement are the principles, bases, conventions, rules and practices applied by the Authority in preparing and presenting the financial statements. When accounting policies are changed, they are applied retrospectively, unless the Code requires transitional arrangements to be followed. Where retrospective adjustments are made, the comparative figures shown are restated as if the new policy had always been applied, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change. Additionally, the impact of any accounting changes required by Accounting Standards issued but not adopted by 1 January 2019 must be disclosed.

2 Measurement bases

Measurement is the process of determining the monetary amounts at which the elements of the financial statements are to be recognised and carried in the Balance Sheet and Comprehensive Income and Expenditure Statement. Accounts are maintained on a historic cost basis, but elements are included in the statements at fair value, which is defined in the Code as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For land and buildings, whether purchased outright or financed by leasing, current value is used, determined as the amount that would be paid for the asset in its existing use. For intangible assets, assets held for sale and financial instruments, the fair value is defined more specifically as detailed in the relevant accounting policies.

Statement of Significant Accounting Policies

3 Accruals

The accounts of the Authority are maintained on an income and expenditure basis, such that amounts relating to the year of account, but due to be paid or received after the end of the year, are included as creditors or debtors, known collectively as accruals. Where actual amounts are not known, estimated amounts are included. If it is necessary to make significant judgements in estimating accruals, these are recorded in Note 1 to the Financial Statements.

4 Cash and cash equivalents

Cash comprises notes and coins, and bank accounts that are payable on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to cash and which are subject to an insignificant risk of changes in value. Although the Code does not define short-term, an investment with a maturity of more than three months would fall outside this definition. Where bank accounts are overdrawn, these are included on the basis that they are an integral part of the Authority's cash management. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes.

The Authority invests its working cash balances in banks and building societies in the short-term money market in accordance with its Treasury Management Policy and Annual Investment Strategy. All investments made have a maturity date less than 365 days and either fall within the definition of cash equivalents or are counted as short-term investments.

5 Contingent assets and liabilities

Contingent assets are possible assets that may arise from past events whose existence will be confirmed by the occurrence of events not wholly within the Authority's control. These are not recognised in the accounts because prudence cautions that the potential gains may not come to fruition.

Contingent liabilities are obligations arising from past events that may require future payment or transfer of economic benefit. These are not shown in the accounts as no reliable estimate can be made of their effect, but reserves may be earmarked to contribute to possible costs. Once liabilities can be measured accurately, provisions may be established in the accounts in order to charge expenditure to revenue in the appropriate year.

Both contingent assets and liabilities are detailed as memorandum items in the Notes to the Financial Statements.

Statement of Significant Accounting Policies

6 Employee benefits

Short-term employee benefits such as salaries, National Insurance contributions and benefits in kind are recognised as an expense in the year of account. The cost of annual leave earned before the end of the year but not used is accrued. However, this accrual is not a valid expense for Council Tax, so it is reversed out in the Movement in Reserves Statement and charged to the 'Short-term accumulating compensated absences account', which is included in the unusable reserves in the Balance Sheet.

Long-term benefits such as the injury pensions payable to firefighters are included in the pensions amounts calculated by the Authority's actuaries.

7 Events after the Balance Sheet date

Events after the reporting period are those events, whether favourable or otherwise, that occur between the Balance Sheet date and the date on which the financial statements are authorised for issue. Those events that provide evidence of conditions that existed at the Balance Sheet date are adjusting events, and the Statement will be adjusted to account for material amounts that result from those events. Events which only give an indication of conditions that arose after the reporting period are non-adjusting events, and the Statement will not be adjusted for these, although they will be described in Note 4 if non-disclosure would adversely affect the true and fair view of the Authority's financial position.

Events after the reporting period are reconsidered at each date that the Statement is authorised for issue - i.e before and after audit, and at the time that the Treasurer re-certifies that the accounts give a true and fair view of the Authority's financial position and performance. The relevant dates will be disclosed in Note 4.

8 Exceptional items and prior period adjustments

When items of income or expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement, or in Notes. Prior period adjustments result from of a change in accounting policy or correction of a material error. Changes in accounting estimates are accounted for in the current year and do not give rise to a prior period adjustment.

Prior period adjustments are accounted for by restating the comparative figures for each prior period presented in the Financial Statements and Notes and adjusting the opening balances for the current period.

Statement of Significant Accounting Policies

9 Financial instruments

Financial assets and liabilities are recognised in the Balance Sheet at the date that the Authority becomes a party to the contractual provisions of the financial instrument.

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 Authority has borrowed solely from the Public Works Loan Board (PWLB), which does not charge significant transaction costs or involve complicated interest structures, all loans are recognised in the Balance Sheet at the principal amount when the loan is taken out. Amortised cost is the outstanding principal, whether the repayment is by maturity, annuity or equal instalments of principal. Loans repayable within a year are shown under current liabilities.

Trade creditors are classed as financial liabilities whose carrying amount is a reasonable approximation of their fair value.

Financial assets are initially measured at fair value and carried at their amortised cost. The Code defines a financial asset as current when the Authority expects to realise it within 12 months after the reporting period, or the asset is cash or a cash equivalent.

The Authority invests its surplus cash balances in the short-term money market, call and deposit accounts with banks. These may fall within the definition of cash equivalents as set out in Accounting Policy 4. For those financial assets held by the Authority, amortised cost means the outstanding principal, plus interest accrued at the Balance Sheet date.

Trade debtors are classed as financial assets whose carrying amount is a reasonable approximation of their fair value.

Interest costs and receipts are reported in the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement in the period to which they relate. The cash flows for interest are shown separately in Note 16.

The fair value of financial instruments is disclosed in Note 7. When measuring the fair value of financial instruments, the Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient detail is available, maximising the use of observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of financial instruments are categorised within the fair value hierarchy as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the liability, either directly or indirectly.
- Level 3 - unobservable inputs for the liability.

Statement of Significant Accounting Policies

The nature and extent of risks arising from Financial Instruments are disclosed in the Notes to the Financial Statements. Expected losses are calculated annually for assets which have a significant credit risk. Assets valued at amortised cost are reduced by the value of the expected losses (impairment), reducing their carrying amount. Material impairment allowances are disclosed separately.

10 Foreign currency

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

11 Government grants and contributions

Government grants and third party contributions are recognised in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition which has not yet been satisfied. They are accounted for on an accruals basis once there is reasonable assurance that any conditions will be complied with and that the sums will be received.

Capital and Revenue Grants with outstanding unfulfilled conditions are held in the Balance Sheet as receipts in advance. For capital grants, once conditions are met, these grants are transferred to the Comprehensive Income and Expenditure Statement. If related expenditure has not been incurred by the end of the year, the grants are taken forward in the Unused Grants Account as usable reserves (Note14). Once related capital expenditure has been incurred the sums are finally transferred to the Capital Adjustment Account to reflect the application of capital resources to finance capital expenditure. Unapplied grants for revenue purposes are transferred back to the Comprehensive Income and Expenditure Statement as relevant expenditure is incurred in later years.

12 Intangible assets

Assets that do not have physical substance, but which are identifiable and controlled by the Authority, such as software licences, are recognised as intangible assets at their historic cost, which may include expenditure required to bring the asset into use. They are amortised to revenue on a straight-line basis over their expected useful lives, as advised by ICT staff or other relevant officers. Software that forms part of a computer system which is purchased at the same time is not counted as a separate intangible asset, but included as an equipment asset in property, plant and equipment and depreciated appropriately.

13 Inventories

Inventories are measured at the lower of cost and net realisable value. An average or standard cost is applied to calculate the value.

Statement of Significant Accounting Policies

14 Operating leases

The Authority has used operating leases as an alternative to borrowing to obtain the use of some vehicles and equipment. Agreements to rent some premises over a period of time are also classified as operating leases. Annual leasing costs are charged directly to the Comprehensive Income and Expenditure Statement, and there is no value for these assets in the Balance Sheet.

15 Finance leases

Vehicles held under finance leases are included as property, plant and equipment in the Balance Sheet and depreciated in the same manner as other assets, except that the lease term is used when this is shorter than the expected life of the vehicle as advised by the Fleet Manager. The assets are matched by a long-term liability to pay future rentals. The annual rental is divided into a reduction of that liability in the Balance Sheet and a financing charge, which is included in the Comprehensive Income and Expenditure Statement.

As the expenditure on the assets increases the Capital Financing Requirement, this is written down each year by a sum equal to the reduction in the liability. This is recorded in the Movement in Reserves Statement as a transfer between the General Fund and unusable reserves. As a result of this transaction, the cost to the General Fund in the year is the same for a finance lease as it would be for an operating lease.

16 Lease type arrangements

Some arrangements do not take the legal form of a lease, but may be deemed to be leases where fulfilment of the arrangement depends on a specific asset and the arrangement conveys the right to control the use of the asset. In such cases, the criteria set out in the Code determine whether the transaction is to be treated as a finance lease or an operating lease, and the relevant accounting treatment applies.

17 Private Finance Initiative (PFI)

The Authority accounts for the PFI scheme in accordance with IFRIC 12 - Service Concessions. The scheme is recorded as an asset in the Balance Sheet with corresponding financial liabilities which are discharged over the life of the contract, using the effective interest method. This method calculates the amortised cost of the liability and allocates interest expense over the life of the asset.

Statement of Significant Accounting Policies

18 Non-current assets held for sale

Where property, plant and equipment and intangible assets are surplus to requirements and expected to be sold within a year, they are shown as assets held for sale in current assets. Their current value is interpreted as the amount that would be paid for the asset in its highest or best use, i.e. market value, and these assets are valued at the lower of the carrying amount and fair value less costs to sell. They are not depreciated or amortised. Assets which are not expected to be sold, but will be scrapped or abandoned, continue to be counted as property, plant and equipment until they are scrapped or abandoned.

If assets held for sale subsequently fail to meet the criteria set out in the Code, they are transferred back to property, plant and equipment, where they may be classified as 'surplus assets' and valued at fair value as defined in IFRS 13, not at current value in existing use.

Any revenue charges resulting from revaluations on reclassification to or from assets held for sale are not proper charges to the General Fund and are therefore matched by a transfer to the Capital Adjustment Account, recorded in the Movement in Reserves Statement.

19 Overheads

The Cost of Services in the Comprehensive Income and Expenditure Statement includes the net total cost of all services. Net total cost includes all expenditure and income directly attributable to the service, including depreciation charges, revaluation costs, support services and overheads.

20 Property, plant and equipment

a <u>Recognition</u>

The Code requires the Authority to maintain an Asset Register to record information about its capital assets. Property, plant and equipment is capitalised if these criteria are all met:

- it is held for use for delivering the service or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the Authority
- it has a useful economic life of more than a year
- the cost can be measured reliably.

Once an asset has been recognised in the Balance Sheet, expenditure which enhances or replaces part of it is also recognised as adding value to it. Any replaced part is derecognised to avoid double-counting. Material component parts of an asset may be separately identified and valued, subject to a minimum cost of £10,000. Vehicles are counted as separate assets regardless of their individual cost. If different parts of an asset have significantly different estimated lives, the separate components will be treated as if they were individual assets.

Statement of Significant Accounting Policies

Expenditure on repairs and maintenance, which may prolong the life of an asset by maintaining it in good condition, is charged to the Comprehensive Income and Expenditure Statement and not added to the value of the asset.

b Valuation

Property, plant and equipment are shown in the Balance Sheet at current value - the amount that would be paid for the asset in existing use. Where there is no market-based evidence of current value because of the specialised nature of the asset and it is rarely sold, such as drill towers, the current value is estimated using a depreciated replacement cost approach. Non-property assets, such as vehicles and equipment, are valued on a depreciated historical cost basis, as a proxy for fair value.

Property values are updated based on the results of annual revaluations of a representative sample of properties by type (stations and other properties). Every property will be valued at least once within a five-year period, with timings reviewed each year to ensure that carrying amounts for individual properties are not materially different from the current value at the year-end. Properties which are unlike any other are valued each year in a desk-top exercise by the Authority's valuer.

Valuations are undertaken by a professional valuer who is independent of the Authority.

Increases in value are matched by credits in the Revaluation Reserve to recognise unrealised gains. Gains on individual assets are credited to the Comprehensive Income and Expenditure Statement when they reverse impairment or revaluation losses previously charged there.

c Impairment and other reductions in value

Reductions in value specific to individual assets and resulting from a known, identifiable cause, are classed as impairments. Those resulting from conditions not specific to one asset, such as a general and significant decline in the property market, or which cannot be ascribed to a particular cause, are recognised as revaluation losses. In each case, losses are charged to the Revaluation Reserve up to the value held there for individual assets and thereafter to the Comprehensive Income and Expenditure Statement, where they are matched by a transfer to the Capital Adjustment Account.

d Derecognition

When an asset is derecognised for any reason, a gain or loss is calculated and charged to the Comprehensive Income and Expenditure Statement, where it is matched by a transfer to the Capital Adjustment Account.

Sales proceeds are credited to the Capital Receipts Reserve if they exceed £10,000 per asset. Receipts may be used to finance new capital expenditure.

Statement of Significant Accounting Policies

e Depreciation

All assets except land are depreciated over their expected useful lives. Land is excluded because it is deemed to have an unlimited useful life. Depreciation ceases if an asset is reclassified as held for sale or otherwise derecognised. Accumulated depreciation is written out on revaluation of an asset. The sum to be depreciated is the current value less the residual value. Residual values are based on prices current at the Balance Sheet date. Residual values, estimated lives and depreciation methods are reviewed annually, and any changes are a change in accounting estimates, not policies. If material, the monetary effect of these changes is recorded in Notes 5 and 6.

The estimated useful lives vary in length, with buildings generally being depreciated over 60 years and vehicles over five to 15 years. Where experience has shown that assets may last for a longer or shorter period, other estimated lives may be used, following advice from the valuers or officers in the ICT and other departments. Components of an asset may be depreciated over different estimated useful lives.

21 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 Comprehensive Income and Expenditure Statement, 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 credited back to the Comprehensive Income and Expenditure Statement. If no reliable estimate can be made, then no provision is recognised and the liability is shown as a contingent liability.

The Authority maintains external insurance only for major risks, self-funding remaining risks. A provision has been established to meet insurance liabilities not covered externally.

The adequacy of all provisions at the Balance Sheet date is reviewed each year.

22 Reserves

The Authority holds reserves to guard against unforeseen and unbudgeted expenditure. These usable reserves include the General Fund and unused grants. Part of the General Fund has been earmarked for specific purposes. Details of individual earmarked reserves are shown in Note 14 to the Financial Statements. When expenditure is incurred which is to be financed from a reserve it is charged to the Comprehensive Income and Expenditure Statement and matched by a transfer shown in the Movement in Reserves Statement. This ensures that there is no net charge to Council Tax for that expenditure in the year.

Statement of Significant Accounting Policies

Some reserves are kept to manage accounting processes, mainly for property, plant and equipment, and for retirement benefits. These do not represent usable resources for the Authority. They are shown as Unusable Reserves in the Balance Sheet and the Movement in Reserves Statement. Transactions in the year and further explanations are set out in Note 15 to the Financial Statements.

23 Value Added Tax (VAT)

The Authority is able to reclaim input VAT on nearly all of its purchases and must pay over output VAT to Her Majesty's Revenue & Customs (HMRC) monthly. The balance owing to or from HMRC is included in creditors or debtors at the year-end as appropriate. VAT is not included on any transactions in the financial statements, except to the extent that it is not reclaimable.

24 Pensions

The Firefighters' Pension Schemes (FPS) are defined benefit, unfunded schemes. Accounting arrangements are in accordance with IAS 19 "Employee Benefits". The accounts of the Pension Fund are shown at the end of the Statement of Accounts, as they are separate from the Authority's main financial statements. The Pension Fund makes payments to pensioners and receives contributions from current employees and the Authority as employer. Any annual deficit or surplus on the Fund is due from or paid to the Government.

The Authority also maintains an earmarked reserve to meet the costs of ill-health retirements and injury compensation payments which are unpredictable and not included in the reimbursement from the Government.

Corporate staff, fire control staff and some uniformed officers are eligible for membership of the Local Government Pension Scheme (LGPS). Up to and including October 2018 the LGPS was administered by both Dorset County Council (for new employees and LGPS members previously employed by Dorset Fire & Rescue Service) and Wiltshire Council (for LGPS members previously employed by Wiltshire Fire & Rescue Service). With effect from 1 November 2018, all LGPS members in the Dorset scheme were transferred into the Wiltshire Pension Fund and Wiltshire Council is now responsible for administering the scheme.

The pension costs that are charged to the Authority are the employers' contributions paid to the funded pension scheme for employees who are members of the scheme, costs arising in respect of certain pensions paid to retired employees on an unfunded basis and some past service costs. Contributions to the fund are determined on the basis of rates set to meet the liabilities of the Pension Fund, in accordance with relevant Government Regulations. The amounts shown in the Authority's accounts for this scheme are those required by IAS 19. Wiltshire Council, as administering authority, publishes the accounts of the Wiltshire Pension Fund.

Statement of Significant Accounting Policies

The Authority pays a firm of independent actuaries to value the pension liabilities in the FPS schemes and to provide all relevant pensions disclosures included in the Statement of Accounts. Wiltshire Council engages actuaries to provide disclosures relevant to the Authority's participation in the LGPS.

25 Council Tax and Non-Domestic Rates

Under statute, the Authority issues precepts to billing authorities (Unitary Authorities, Boroughs and District Councils), which collect Council Tax on the Authority's behalf and pay it into a Collection Fund. Each precept is received in instalments during the year, adjusted for a share of the Collection Fund surplus or deficit, which demonstrates the billing authorities' effectiveness in collecting the Council Tax.

The amount shown for Council Tax income in the Comprehensive Income and Expenditure Statement is the accrued income for the year. The difference between this sum and the adjusted precept is taken to the Collection Fund Adjustment Account which is part of the unusable reserves in the Balance Sheet. A reconciling item is included in the Movement in Reserves Statement.

The Authority receives 1% of the Non-Domestic Rates collected by the billing authorities and a Top-Up Grant from the Government to bring that income up to a Baseline Funding Level allocated to the Authority by the Government. The amount of Non-Domestic Rating Income shown in the Comprehensive Income and Expenditure Statement is the accrued income for the year. The difference between this sum and the amount required by Regulations to be credited to the General Fund is reversed out using the Movement in Reserves Statement and carried forward in the Collection Fund Adjustment Account.

As the collection of Council Tax and Non-Domestic Rates is seen as an agency arrangement, shares of the cash collected belong to the billing authorities, the Authority and other preceptors. A debtor or creditor is therefore recognised between the billing authorities and the Authority. The figures included in the Statement for Council Tax and Non-Domestic Rates debtors, creditors and adjustments are provided by the billing authorities, but may be estimated by the Treasurer if the appropriate figures are not received in time for the publication of the Statement of Accounts.

26 Apprenticeship Levy

The government introduced the Apprenticeship Levy on 1 April 2017. Payment of the Levy is included as part of staff costs in the Cost of Services in the Comprehensive Income and Expenditure Statement.

When the Authority provides relevant approved training to its employees, it receives income from the Levy into its Digital Apprenticeship Service Account. This counts as grant income at the same time as the expense for training is recognised.

Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities

The Authority is required to :

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

The Treasurer's responsibilities

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Treasurer has:

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

The Treasurer has also:

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at the accounting date and of its income and expenditure for the year ended 31 March 2019.

Ian Cotter
Treasurer
10 September 2019

Independent auditor's report to the Members of Dorset & Wiltshire Fire and Rescue Authority

Report on the Audit of the Financial Statements

Opinion

In our opinion the financial statements of Dorset and Wiltshire Fire and Rescue Authority ('the Authority'):

- give a true and fair view of the financial position of the Authority as at 31 March 2019 and of it's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

We have audited the financial statements which comprise:

- the Comprehensive Income and Expenditure Statement;
- the Balance Sheet;
- the Movement in Reserves Statement;
- the Cash Flow Statement;
- the related notes 1 to 29;
- the Statement of Significant Accounting Policies and
- the Firefighters' Pension Fund Account on pages 101 - 102

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Treasurer's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Treasurer is responsible for the other information. The other information comprises the information included in the statement of accounts and the annual governance statement, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in respect of these matters.

Treasurer's responsibilities

As explained more fully in the Treasurer's responsibilities statement, the Treasurer is responsible for: the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable matters related to going concern; and using the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

Auditor’s responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at http://www.frc.org.uk/auditrosresponsibilities. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Matters

Report on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, Dorset & Wiltshire Fire and Rescue Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

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 to review regularly the adequacy and effectiveness of these arrangements.

We are required under section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether Dorset & Wiltshire Fire and Rescue Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Dorset & Wiltshire Fire and Rescue Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Matters on which we are required to report by exception

The Code of Audit Practice requires us to report to you if:

- any matters have been reported in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit
- any recommendations have been made under section 24 of the Local Audit and Accountability Act 2014;
- an application has been made to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014
- an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Certificate of Completion of the Audit

We certify that we have completed the audit of the financial statements of Dorset & Wiltshire Fire and Rescue Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the Members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Members of the 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 the Members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Michelle Hopton (Appointed auditor)
for and on behalf of Deloitte LLP
Bristol, UK
11 September 2019

Expenditure and Funding Analysis 2018/19

The Expenditure and Funding Analysis shows how expenditure is used and funded from resources (Government grants, Council Tax and business rates) by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision-making purposes by the Authority. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2017/18**				2018/19		
Net Expenditure General Fund* £	Adjustments (see below) £	Net Expenditure in the CIES £	* General Fund includes Earmarked Reserves	Net Expenditure General Fund* £	Adjustments (see below) £	Net Expenditure in the CIES £
41,437,519	5,471,193	46,908,712	Employees	43,845,587	15,394,203	59,239,790
3,163,606	0	3,163,606	Premises	3,780,706	0	3,780,706
1,546,591	24,823	1,571,414	Transport	1,391,526	8,712	1,400,238
5,728,258	-319,948	5,408,310	Supplies and Services	5,650,167	-594,752	5,055,415
2,700,131	-745,626	1,954,505	Agency and Contracted Out Services	2,402,581	-675,219	1,727,362
125,878	0	125,878	Democratic Representation	89,351	0	89,351
8,802,394	-4,881,170	3,921,225	Capital Financing and Leasing	7,031,533	-3,008,310	4,023,223
-4,714,524	1,279,317	-3,435,207	Income	-5,225,068	1,718,737	-3,506,331
-6,865,754	6,865,754	0	Transfers to (+) or from (-) Reserves	-4,906,269	4,906,269	-0
51,924,099	7,694,343	59,618,442	**Net Cost of Services**	54,060,114	17,749,639	71,809,753
-53,486,000	7,500,625	-45,985,375	Other Income and Expenditure	-54,526,100	6,186,381	-48,339,719
-1,561,901	15,194,968	13,633,067	**(Surplus) or Deficit**	-465,986	23,936,020	23,470,035
-27,601,689			**Opening General Fund* Balance at 1 April**	-22,297,836		
-1,561,901			Less (+) or plus (-) Surplus or Deficit on the General Fund in the year	-465,986		
6,865,754			Less (+) or plus (-) Transfers to Reserves made in the year	4,906,269		
-22,297,836			**Closing General Fund* Balance at 31 March**	-17,857,554		

Expenditure and Funding Analysis 2018/19

Adjustments between the funding and accounting basis

2017/18** (Prior year)	Capital Adjustments £	Pensions Adjustments £	Other Adjustments £	Total Adjustments £
Employees	0	5,560,465	-89,272	5,471,193
Premises	0	0	0	0
Transport	0	0	24,823	24,823
Supplies and Services	0	0	-319,948	-319,948
Agency and Contracted Out Services	-75,349	0	-670,277	-745,626
Democratic Representation	0	0	0	0
Capital Financing and Leasing	-4,881,170	0	0	-4,881,170
Income	51,775	0	1,227,542	1,279,317
Transfers to (+) or from (-) Reserves	0	0	6,865,754	6,865,754
Net Cost of Services	-4,904,744	5,560,465	7,038,622	7,694,343
Other Income and Expenditure from the Funding Analysis	487,725	7,455,535	-442,635	7,500,625
Difference between the surplus or deficit on the General Fund and the surplus or deficit on the CIES	-4,417,019	13,016,000	6,595,987	15,194,968

** 2017/18 figures have been reclassified since publication of the Accounts for that year.

Expenditure and Funding Analysis 2018/19

2018/19 (Current year)	Capital Adjustments £	Pensions Adjustments £	Other Adjustments £	Total Adjustments £
Employees	0	15,377,627	16,576	15,394,203
Premises	0	0	0	0
Transport	0	0	8,712	8,712
Supplies and Services	0	0	-594,752	-594,752
Agency and Contracted Out Services	0	0	-675,219	-675,219
Democratic Representation	0	0	0	0
Capital Financing and Leasing	-3,008,310	0	0	-3,008,310
Income	117,208	0	1,601,529	1,718,737
Transfers to (+) or from (-) Reserves	0	0	4,906,269	4,906,269
Net Cost of Services	-2,891,102	15,377,627	5,263,114	17,749,639
Other Income and Expenditure from the Funding Analysis	742,680	5,483,373	-39,672	6,186,381
Difference between the surplus or deficit on the General Fund and the surplus or deficit on the CIES	-2,148,422	20,861,000	5,223,443	23,936,020

Expenditure and Funding Analysis 2018/19

Capital adjustments relate to items charged to the General Fund for decision-making purposes, but excluded from the cost of services in the Comprehensive Income and Expenditure Statement. These items include the minimum revenue provision, the revenue provision for finance leases and PFI, capital expenditure charged to revenue and interest payments. The interest element of these is included in other income and expenditure, whilst the remaining items are contained in the Movement in Reserves Statement. Other items which are included in the cost of services, but not allocated to the General Fund, include gains and losses on the disposal of assets and depreciation, which are reversed out in the Movement in Reserves Statement.

Adjustments related to pensions are more fully explained in Note 26b. The only pension-related costs attributable to the General Fund are the actual employer's contributions. All other pensions costs, provided by the actuary under IAS19 requirements, are excluded from the General Fund when considering the surplus or deficit in the year.

Other adjustments include:

- The reversal of income and expenditure relating to the Networked Fire Services Partnership project, which does not form part of the Authority's General Fund (see Notes 1 and 21).
- Collection Fund adjustments (Note 15d).
- Adjustments relating to short-term accumulating absences (Note 15e).
- Transfers to or from usable reserves during the year, which are not included in the cost of services in the Comprehensive Income and Expenditure Statement.

Comprehensive Income and Expenditure Statement 2018/19

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

	2017/18*				2018/19	
Gross Expenditure £	Gross Income £	Net Expenditure £		Gross Expenditure £	Gross Income £	Net Expenditure £
46,908,712	0	46,908,712	Employees*	59,239,790	0	59,239,790
3,163,606	0	3,163,606	Premises	3,780,706	0	3,780,706
1,571,414	0	1,571,414	Transport	1,400,238	0	1,400,238
5,408,310	0	5,408,310	Supplies and Services	5,055,414	0	5,055,414
1,954,505	0	1,954,505	Agency and Contracted Out Services	1,727,362	0	1,727,362
125,878	0	125,878	Democratic Representation	89,351	0	89,351
3,921,224	0	3,921,224	Capital Financing and Leasing	4,023,223	0	4,023,223
0	-3,435,207	-3,435,207	Income	0	-3,506,330	-3,506,330
63,053,649	-3,435,207	59,618,442	**Cost of Services**	75,316,083	-3,506,330	71,809,753
			Other Operating Expenditure			
0	-111,580	-111,580	(Gains)/Losses on Disposal of Non-Current Assets	304,495	0	304,495
0	-7,579,465	-7,579,465	Pensions Top-up Grant	0	-8,696,627	-8,696,627
0	-7,691,045	-7,691,045	Total	304,495	-8,696,627	-8,392,132

Comprehensive Income and Expenditure Statement 2018/19

2017/18* Gross Expenditure £	2017/18* Gross Income £	2017/18* Net Expenditure £		2018/19 Gross Expenditure £	2018/19 Gross Income £	2018/19 Net Expenditure £
			Financing & Investment Income & Expenditure			
		1,182,951	Interest payable & similar charges			1,100,429
		15,035,000	Net interest on the Defined Benefit Liability			14,180,000
		-58,499	Interest Income			-53,450
		16,159,452	Total			15,226,979
			Taxation & Non-specific Grant Income			
		-38,130,662	Council Tax Income			-39,769,726
		-4,780,318	Non-Domestic Rates Income			-4,766,558
		-5,015,887	Non-Domestic Rates Top Up Grant			-5,176,128
		-5,704,372	Revenue Support Grant			-4,493,101
		-822,543	Other non-ringfenced Government Grants			-969,052
		-54,453,782	Total			-55,174,565
		13,633,067	**(Surplus)/Deficit on Provision of Services**			23,470,035
			Other Comprehensive Income & Expenditure			
		-12,981,000	Actuarial (Gains)/Losses on Pensions Assets & Liabilities*			-6,099,000
		-1,287,704	(Surplus)/Deficit on Revaluation of Non-Current Assets			-1,785,226
		-14,268,704	Total			-7,884,226
		-635,637	**Total Comprehensive Income & Expenditure**			15,585,809

* 2017/18 figures have been reclassified since publication of the Accounts for that year due to the pension balances being reported on a consistent basis with 2018/19.

Movement in Reserves Statement 2018/19

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how movements in the year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to Council Tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

2017/18** (previous year)	General Fund* £	Capital Receipts Reserve £	Total Usable Reserves £	Unusable Reserves £	Total Reserves £	See Notes
Balance at 1 April 2017	-27,601,689	0	-27,601,689	560,205,313	532,603,624	
Movement in reserves during 2017/18						
Deficit on provision of services	13,633,067	0	13,633,067	0	13,633,067	
Other Comprehensive Income and Expenditure						
Movement in Pensions Reserve	0	0	0	-12,981,000	-12,981,000	26b
Movement in Revaluation Reserve	0	0	0	-1,287,704	-1,287,704	15a
Total Comprehensive Income and Expenditure	13,633,067	0	13,633,067	-14,268,704	-635,637	
Adjustments between accounting basis and funding basis under regulations						
Reversal of items in the CIES						
Depreciation and amortisation	-3,618,418	0	-3,618,418	3,618,418	0	5/6
Revaluation losses and reversal of previous losses	-1,400,719	0	-1,400,719	1,400,719	0	5/6
Net gain or loss on sale of non-current assets	111,580	0	111,580	-111,580	0	
Retirement benefits under IAS19	-19,416,489	0	-19,416,489	19,416,489	0	26
Council Tax & NNDR income adjustment	127,153	0	127,153	-127,153	0	15d
Employee benefits accrual adjustment	31,034	0	31,034	-31,034	0	15e

Movement in Reserves Statement 2018/19

2017/18** (previous year)	General Fund* £	Capital Receipts Reserve £	Total Usable Reserves £	Unusable Reserves £	Total Reserves £	See Notes
Insertion of items not in the CIES						
Minimum Revenue Provision	1,414,281	0	1,414,281	-1,414,281	0	22
Revenue Provision for finance leases	106,049	0	106,049	-106,049	0	22
Revenue Provision for Private Finance Initiative	818,067	0	818,067	-818,067	0	22
Employers' contributions to pension schemes and payments to pensioners	6,400,489	0	6,400,489	-6,400,489	0	26
Capital expenditure charged to revenue	5,842,759	0	5,842,759	-5,842,759	0	22
Transfers						
Transfers to/(from) Capital Receipts Reserve	1,255,000	-1,102,843	152,157	-152,157	0	14
Total adjustments	-8,329,214	-1,102,843	-9,432,057	9,432,057	0	
Increase or Decrease in the year	5,303,853	-1,102,843	4,201,010	-4,836,647	-635,637	
Balance at 31 March 2018	-22,297,836	-1,102,843	-23,400,679	555,368,666	531,967,987	

* General Fund includes Earmarked Reserves
** 2017/18 figures have been reclassified since publication of the Accounts for that year.

Movement in Reserves Statement 2018/19

2018/19 (Current year)	General Fund* £	Capital Receipts Reserve £	Total Usable Reserves £	Unusable Reserves £	Total Reserves £	See Notes
Balance at 1 April 2018	-22,297,836	-1,102,843	-23,400,679	555,368,666	531,967,987	
Movement in reserves during 2018/19						
Deficit on provision of services	23,470,035	0	23,470,035	0	23,470,035	
Other Comprehensive Income and Expenditure						
Movement in Pensions Reserve	0	0	0	-6,099,000	-6,099,000	26b
(Surplus)/Deficit on Revaluation of Non-Current Assets	0	0	0	-1,785,226	-1,785,226	15a
Total Comprehensive Income and Expenditure	23,470,035	0	23,470,035	-7,884,226	15,585,809	
Adjustments between accounting basis and funding basis under regulations						
Reversal of items in the CIES						
Depreciation and amortisation	-3,749,107	0	-3,749,107	3,749,107	0	5/6
Revaluation losses and reversal of previous losses	-380,853	0	-380,853	380,853	0	5/6
Net gain or loss on sale of non-current assets	-304,495	0	-304,495	304,495	0	
Retirement benefits under IAS19	-27,262,465	0	-27,262,465	27,262,465	0	}
Council Tax & NNDR income adjustment	-244,645	0	-244,645	244,645	0	15d
Employee benefits accrual adjustment	-72,529	0	-72,529	72,529	0	15e

Movement in Reserves Statement 2018/19

2018/19 (Current year)	General Fund* £	Capital Receipts Reserve £	Total Usable Reserves £	Unusable Reserves £	Total Reserves £	See Notes
Insertion of items not in the CIES						
Minimum Revenue Provision	1,405,552	0	1,405,552	-1,405,552	0	22
Revenue Provision for finance leases	109,846	0	109,846	-109,846	0	22
Revenue Provision for Private Finance Initiative	840,370	0	840,370	-840,370	0	22
Employers' contributions to pension schemes and payments to pensioners	6,401,465	0	6,401,465	-6,401,465	0	26b
Capital expenditure charged to revenue	4,227,109	0	4,227,109	-4,227,109	0	22
Transfers						
Transfers to/(from) Capital Receipts Reserve	0	1,102,843	1,102,843	-1,102,843	0	14/22
Rounding adjustment	-1	0	-1	0	-1	
Total adjustments	-19,029,753	1,102,843	-17,926,910	17,926,909	-1	
Increase or Decrease in the year	4,440,282	1,102,843	5,543,125	10,042,683	15,585,808	
Balance at 31 March 2019	-17,857,554	0	-17,857,554	565,411,349	547,553,795	

* General Fund includes Earmarked Reserves

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves comprises those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2018			31 March 2019		See
£	£		£	£	Notes
		Property, Plant & Equipment			5
	30,051,795	Land & Buildings		31,788,314	
	14,174,229	Vehicles, Plant & Equipment		16,212,239	
	44,226,024			48,000,553	
	395,303	Intangible Assets		246,080	6
	605,706	Long-term Debtors		637,031	9
	45,227,033	**Long-term Assets**		48,883,664	
226,959		Inventories	351,893		8
10,188,771		Short-term Debtors	7,757,444		9
3,000,000		Short-term Investments	0		7
6,697,200		Cash & Cash Equivalents	4,537,655		10
	20,112,930	**Current Assets**		12,646,992	
-782,344		Short-term Borrowing	-201,688		7
-9,070,718		Short-term Creditors	-7,434,433		12
-638,045		Provisions	-812,930		13
-109,846		Finance Lease Liabilities	0		7/24
	-10,600,953	**Current Liabilities**		-8,449,051	

Balance Sheet

31 March 2018 £	31 March 2018 £		31 March 2019 £	31 March 2019 £	See Notes
-13,239,635		Long-term Creditors	-12,607,725		12/25
-9,975,362		Long-term Borrowing	-9,773,675		7
-563,492,000		Net Pensions Liability	-578,254,000		26c
	-586,706,997	**Long-term Liabilities**		-600,635,400	
	-531,967,987	**Net Assets**		-547,553,795	
-6,686,338		General Fund	-2,726,300		14
-15,611,498		Earmarked General Fund Reserves	-15,131,254		14
-1,102,843		Capital Receipts Reserve	0		14
	-23,400,679	**Usable Reserves**		-17,857,554	
-1,985,295		Revaluation Reserve	-3,770,521		15a
-5,511,914		Capital Adjustment Account	-8,763,179		15b
563,492,000		Pensions Reserve	578,254,000		15c
-770,011		Collection Fund Adjustment Account	-525,366		15d
143,886		Short-term Accumulating Compensated Absences Account	216,415		15e
	555,368,666	**Unusable Reserves**		565,411,349	
	531,967,987	**Total Reserves**		547,553,795	

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The Statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2017/18*			2018/19		See Notes
£	£		£	£	
	13,633,067	**Net (surplus)/deficit on the provision of services**		23,470,035	
		Adjust net (surplus)/deficit on the provision of services for non-cash movements			
-3,618,418		Depreciation and amortisation	-3,749,107		
-169,293		Change in valuations of fixed assets	-263,645		
-2,501,948		(Increase)/decrease in creditors	1,123,149		
302,834		Increase/(decrease) in debtors	-1,157,243		
-31,042		Increase/(decrease) in inventories	124,934		
476,990		(Increase)/decrease in provisions	74,877		
-13,016,000		(Increase)/decrease in pension liability	-20,861,000		
536,063		Other non-cash items charged to the net surplus or deficit on the provision of services	-530,418		
	-18,020,814			-25,238,452	
		Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities			
	51,776	Proceeds from the sale of property, plant and equipment		117,209	
	-4,335,971	**Net cash flows from operating activities**		-1,651,208	16

Cash Flow Statement

2017/18* £	2017/18* £		2018/19 £	2018/19 £	See Notes
		Investing activities			
6,540,891		Purchase of property, plant, equipment and intangibles	5,403,863		
16,500,000		Purchase of short-term investments	0		
-1,306,776		Proceeds from sale of property, plant and equipment	-117,209		
-20,500,000		Proceeds from short-term investments	-3,000,000		
	1,234,115	**Net cash flows from investing activities**		2,286,654	
		Financing activities			
		Cash payments for the reduction of outstanding liabilities			
106,049		- Finance lease	109,846		
663,639		- Private Finance Initiative	631,910		
1,191,658		Repayments of long-term borrowing	782,343		
	1,961,346	**Net cash flows from financing activities**		1,524,099	
	-1,140,510	**Net (increase)/decrease in cash and cash equivalents**		2,159,545	
	5,556,690	**Cash and cash equivalents at the beginning of the year**		6,697,200	
	6,697,200	**Cash and cash equivalents at the end of the year**		4,537,655	10

* 2017/18 figures have been reclassified since publication of the Accounts for that year.

Notes to the Financial Statements

1 Critical judgements in applying accounting policies

In applying the policies set out in the Statement of Accounting Policies, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in 2018/19 were:

- There remains a high degree of uncertainty about future levels of Government funding for fire and rescue services. The combination of the former Dorset and Wiltshire and Swindon Fire Authorities was in response to this, and the desire to protect existing levels of service provision as much as possible. At this point in time the Authority does not believe that the funding uncertainty is sufficient to provide an indication that the assets of the Authority might be significantly impaired as a result of a need to close premises and/or reduce levels of service provision.
- The Authority is working with two other Fire and Rescue Authorities in a Networked Fire Services Partnership (NFSP) project, which provides a collaborative approach to the provision of fire control services. Each service has retained its own control room but significant benefits are expected to be gained from working together. The judgement has been made that this is a joint operation in that each partner authority uses its own assets and other resources rather than establishing a separate entity with its own financial structure. The effect of this judgement is that there has been no requirement to initiate a regime involving Group Accounts. The full financial effects of the NFSP are included within the accounts of each partner authority, with any revenue or expenses incurred in common being shared among them under an agreed process. Further details are shown in Note 21.

2 Assumptions made about the future and other sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made based on past experience, current trends and other relevant factors. As some balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are set out below.

- The actuary has provided an assessment of the effect of changes in the assumptions used in estimating the pensions assets and liabilities included in the Accounts according to the requirements of IAS 19. This is reported in Note 26f.

  It should also be noted that the pensions liability assessment has been affected by the following:

  <u>Court of Appeal Ruling in McCloud/Sargeant Case</u>

  Two pensions-related employment tribunal cases were brought against the Government regarding possible discrimination due to the implementation of transitional protection after the introduction of the revised 2015 public service pension schemes from

Notes to the Financial Statements

1 April 2015. The claimants challenged the transitional protection arrangements on the grounds of direct age discrimination, equal pay and indirect gender and race discrimination.

Both rulings in these cases were appealed and the Court of Appeal decided to combine the two cases as they were closely linked. In December 2018 The Court of Appeal ruled that the transitional protection offered to some members as part of the reforms amounted to unlawful discrimination.

The Government applied for leave to appeal this decision, which was refused by the Court of Appeal in June 2019. This is likely to result in a requirement to compensate certain members for any discrimination suffered, which would in turn increase the Pension Liability of the Authority. There remains substantial uncertainty as to what form this compensation would take. The Government Actuary Department (having been commissioned on behalf of several Fire and Rescue Authorities), using specific assumptions, has estimated the potential increase in FPS liabilities as a result of the judgement to be between 4.1% and 5% of national pension scheme liabilities as at March 2019. This estimate is based on one potential remedy and, is likely to require revisiting in the light of further direction from the courts.

Although there remains significant uncertainty over the likely timing and scale of any compensation as a result of this ruling, the Authority has engaged both of its actuaries to provide revised IAS19 reports to take into account the estimated effect on the Authority's Pension Liability.

This has resulted in an estimated increase to the past service cost of £9,833,000, with the overall Pension Liability increasing to £578,254,000.

- The age and remaining lives of buildings and their elements have been advised by the Authority's Valuer and assessed as at the valuation date. Asset lives have been provided based on the assumption that building elements will continue to be maintained normally over the period from the date of inspection to the valuation date and that there will be no untoward changes.
- The Authority engages an external valuer to undertake the valuation of property annually. The valuations were undertaken at 31 March 2019, based on market conditions at that time. There is considerable uncertainty over the impact of Brexit on UK property values and this may affect future valuations.
- The PFI arrangement has an implied finance lease within the agreement. The Authority estimates the implied interest rate within the contract to be 5.4% and uses this to calculate the interest and principal payments. In addition, the future retail prices index (RPI) increase within the contract has been assummed to remain at a constant 2.5% throughout the period of the contract.

Notes to the Financial Statements

3 Material items of income and expense

The Comprehensive Income and Expenditure Statement shows items according to type in the format used for reporting during the year. Some material items are not explicitly shown here, but they are explained elsewhere in the Statement. For example, income from grants is in Note 20, entries relating to pensions are explained in Note 26 and the financing of capital expenditure is set out in Note 22.

The Cost of Services includes a total of £3,749,107 for depreciation and amortisation charges (£3,618,418 in 2017/18). There were also unrealised gains of £1,785,226, credited to the Revaluation Reserve (£1,287,705 in 2017/18), and revaluation losses of £263,645 (£1,400,719 in 2017/18). The amounts charged to the Cost of Services are not costs to the General Fund, so they are transferred to Capital Reserves in the Movement in Reserves Statement.

During 2018/19 the Authority received £1,626,978 of financial support from the Department for Communities and Local Government in the form of a PFI grant. The Fire Authority share of the unitary charge payments made to the PFI contractor totalled £2,468,331. This grant and charge are reflected in the Cost of Services.

4 Events after the Balance Sheet date

Post Balance Sheet events occur between the Balance Sheet date (31 March 2019) and the date on which the accounts are authorised for issue. Events which have a material effect on the accounts must be disclosed in a note. No such events were identified before the audited accounts were authorised for issue by the Treasurer on 10 September 2019.

Notes to the Financial Statements

5 Property, plant and equipment

A Movements on balances

2017/18 (Prior year)	Land & Buildings £	Vehicles £	Plant & Equipment £	Assets under Construction £	Total £
Cost or valuation					
At 1 April 2017	28,973,737	10,429,668	3,751,520	85,987	43,240,912
Additions in year	706,736	3,720,595	1,482,270	0	5,909,601
Revaluations	1,118,412	0	0	0	1,118,412
Derecognition due to disposals	0	-41,949	-169,936	0	-211,885
Reclassifications to Revenue	0	0	0	-85,987	-85,987
Write-out depreciation on revaluation	-747,090	0	0	0	-747,090
Cost or valuation at 31 March 2018	30,051,795	14,108,314	5,063,854	0	49,223,963
Depreciation					
At 1 April 2017	0	-1,343,855	-1,032,987	0	-2,376,842
Additions in year	-747,090	-1,573,477	-1,150,722	0	-3,471,289
Disposals in year	0	6,542	96,560	0	103,102
Write-out depreciation on revaluation	747,090	0	0	0	747,090
Depreciation at 31 March 2018	0	-2,910,790	-2,087,149	0	-4,997,939
Net Book Value at 31 March 2018	30,051,795	11,197,524	2,976,705	0	44,226,024
Nature of asset holding at 31 March 2018					
Owned	23,406,942	11,055,609	2,976,705	0	37,439,256
Private Finance Initiative	6,644,853	0	0	0	6,644,853
Finance Lease	0	141,915	0	0	141,915
Net Book Value at 31 March 2018	30,051,795	11,197,524	2,976,705	0	44,226,024

Notes to the Financial Statements

2018/19 (Current year)	Land & Buildings £	Vehicles £	Plant & Equipment £	Assets under Construction £	Total £
Cost or valuation					
At 1 April 2018	30,051,795	14,108,314	5,063,854	0	49,223,963
Additions in year	1,047,168	3,775,583	1,451,784	0	6,274,535
Revaluations	1,521,581	0	0	0	1,521,581
Derecognition due to disposals	0	-94,458	-897,451	0	-991,909
Reclassification to Revenue	0	0	0	0	0
Write-out depreciation on revaluation	-832,230	0	0	0	-832,230
Cost or valuation at 31 March 2019	31,788,314	17,789,439	5,618,187	0	55,195,940
Depreciation					
At 1 April 2018	0	-2,910,790	-2,087,149	0	-4,997,939
Additions in year	-832,230	-1,807,595	-964,244	0	-3,604,069
Disposals in year	0	29,523	544,868	0	574,391
Write-out depreciation on revaluation	832,230	0	0	0	832,230
Depreciation at 31 March 2019	0	-4,688,862	-2,506,525	0	-7,195,387
Net Book Value at 31 March 2019	31,788,314	13,100,577	3,111,662	0	48,000,553
Nature of asset holding at 31 March 2019					
Owned	24,845,000	13,045,965	3,111,662	0	41,002,627
Private Finance Initiative	6,943,314	0	0	0	6,943,314
Finance Lease	0	54,612	0	0	54,612
Net Book Value at 31 March 2019	31,788,314	13,100,577	3,111,662	0	48,000,553

Notes to the Financial Statements

B Revaluations

Property, plant and equipment are included in the Balance Sheet in accordance with the valuation policies set out in the Statement of Accounting Policies, with the addition of capital expenditure on purchases and improvements during the year.

A valuation of a representative sample of land and buildings covering about a fifth of the property assets was carried out as at 31 March 2019 by BNP Paribas, who are RICS qualified and independent of the Authority. Since the previous valuation, all properties had been remeasured by the valuer, and the revaluation of the selected properties incorporated the effect of changed floor areas. The results of this revaluation were applied to all properties, making allowance for the remeasurement in each case. This resulted in unrealised gains of £1,935,541 and revaluation losses of £413,960.

In accordance with the Code, unrealised gains were posted to the Revaluation Reserve, except where they had the effect of reversing previous revaluation losses, when they were credited to the Cost of Services in the Comprehensive Income and Expenditure Statement, which had originally borne those losses. Losses at 31 March 2019 were charged against any balance for individual properties in the Revaluation Reserve, and to the Cost of Services where the balance in the Reserve was insufficient.

C Impairments

Under the Code, impairment refers to a loss in the value of an asset for reasons specific to that asset, rather than general falls in prices or weakening of conditions in the property market as a whole. Impairments are charged against the Comprehensive Income and Expenditure Statement unless there is a specific balance in the Revaluation Reserve for the impaired asset.

With regard to its property assets, the Authority carries out repairs, planned and reactive maintenance each year, while also including funds in its capital programme for minor improvements which help to maintain the capital value as assessed periodically by the independent Valuers. In 2018/19, there were no specific events which caused the Authority to impair its assets.

Notes to the Financial Statements

6 Intangible assets

The Authority accounts for its software as intangible assets, to the extent that they are not an integral part of an IT system which is accounted for as part of Property, Plant and Equipment. The value of software may include the costs of bringing into use. All software is given a finite life by ICT staff, based on an assessment of the period that the software is expected to be of use to the Authority. The standard life of software is three years, but assets may be amortised over other periods if licences have finite lives or greater accuracy is achievable.

2017/18		2018/19		
		Gross Value	Amortisation	Net Value
£		£	£	£
303,740	Carrying Amount at 1 April	629,626	-234,323	395,303
239,744	Additions and adjustments in year	-1	0	-1
-147,129	Amortisation in year	0	-145,038	-145,038
-1,052	Derecognition on disposal or replacement	-8,368	4,184	-4,184
395,303	Carrying Amount at 31 March	621,257	-375,177	246,080

Notes to the Financial Statements

7 Financial instruments

The accounting policy for financial instruments has been amended in 2018/19 as a result of the adoption by the Code of IFRS 9. However, as the Authority does not have complex borrowing or lending arrangements, the accounting treatment of financial instruments has not changed.
The Authority's financial assets (investments, cash equivalents and debtors) and financial liabilities (borrowings and creditors) are classified as held at amortised cost.

Trade debtors and creditors arise during the normal course of the Authority's business, excluding those with related parties such as for Government grants and Council Tax arrears and prepayments. They are included within the debtors and creditors which are analysed in Notes 9 and 12.

Interest on investments is included in the Comprehensive Income and Expenditure Statement.

31 March 2018			31 March 2019	
Long-term £	Current £	Financial Assets in the Balance Sheet	Long-term £	Current £
		Financial Assets (Held at amortised cost)		
	3,000,000	Short-term Investments		0
	6,282,463	Investments (Cash equivalents)		4,402,698
	50,226	Trade debtors		72,643
0	9,332,689		0	4,475,341
		Financial Liabilities (Held at amortised cost)		
-9,975,362	-782,344	Public Works Loan Board (PWLB) loans	-9,773,675	-201,688
0	-2,857,077	Trade creditors	0	-2,363,960
-9,975,362	-3,639,421		-9,773,675	-2,565,648

2017/18		Interest in the Comprehensive Income and Expenditure Statement	2018/19	
Charged £	Credited £		Charged £	Credited £
	-58,499	Investments		-53,450
480,134		PWLB loans	434,391	

Notes to the Financial Statements

Fair value

Financial instruments are carried in the Balance Sheet at their amortised cost. Their fair values are calculated as follows:

31 March 2018 PWLB loans £	31 March 2018 Finance lease £		31 March 2019 PWLB loans £	31 March 2019 Finance lease £
-15,276,341	-113,640	Fair value	-14,568,274	0
-10,757,706	-109,846	Carrying amount	-9,975,363	0
-4,518,635	-3,794	Difference	-4,592,911	0

The difference between the fair value of PWLB loans and the carrying amount is due to the fixed rate of interest on the loans being different from the prevailing rates at 31 March 2019. The PWLB loans are classified in level 1 of the fair value hierarchy - i.e. their fair value is based on quoted prices in active markets for identical assets.

Financial instruments are carried in the Balance Sheet at their 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 rate applicable at 31 March on replacement 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;
- finance leases are discounted at the PWLB rate;
- the fair value of debtors and creditors is the invoiced amount;
- where investments are counted as cash equivalents, their fair value is the same as the carrying amount; and
- other investments taken out close to the year-end and maturing within 12 months have a fair value that is the the same as the carrying amount.

Notes to the Financial Statements

8 Inventories

2017/18 Written off £	31 March 2018 Balance £		2018/19 Written off £	31 March 2019 Balance £
74	24,020	Vehicle Fuel	0	38,165
24,370	123,559	Clothing and Personal Protective Equipment	860	205,047
11,639	65,254	Equipment	5,619	85,984
-5,044	14,126	Other	728	22,787
31,039	226,959	Total Inventories	7,207	351,983

9 Debtors

31 March 2018 £		31 March 2019 £
50,226	Trade debtors	72,643
6,169,913	Related party receivables	5,031,563
3,340,443	Prepayments	1,747,104
2,355,665	Council Tax and Business Rates	2,672,018
-1,181,404	Impairment allowance for doubtful debts	-1,241,188
59,634	Other amounts	112,335
10,794,477	Total debtors	8,394,475
	Comprising -	
605,706	Long-term debtors	637,031
10,188,771	Short-term debtors	7,757,444
10,794,477		8,394,475

The analysis of debtors in the table is a new requirement in the 2018/19 Code. The comparative figures for 2017/18 have been restated in the revised format.

Notes to the Financial Statements

Trade debtors are those arising in the normal course of the Authority's activities, excluding transactions with related parties.

Related party receivables comprise transactions with public sector bodies as defined by HM Treasury for the purpose of Whole of Government Accounts. These include the Home Office and other Government Departments, other Fire Authorities and Local Authorities.

Prepayments are those amounts related to the 2019/20 financial year which have been processed in 2018/19. The largest element of this is the payment of Firefighters' Pensions for April, as those pensions are paid in advance (£1,162,181 in 2018/19).

The Council Tax and Business Rates comprise the Authority's share of arrears recorded by the billing authorities. The Impairment allowance for doubtful debts (formerly known as Bad Debt Provision) also primarily related to Council Tax and Business Rates. These amounts are calculated or assessed by the billing authorities.

Other amounts include sums owed by employees and former employees.

10 Cash Flow Statement disclosures

31 March 2018 £	Cash and cash equivalents	31 March 2019 £
5,175	Cash held by the Authority	5,325
6,692,025	Call and deposit accounts with banks	4,532,330
6,697,200	Total cash and cash equivalents	4,537,655

	Changes in liabilities arising from financing activities	1 April 2018 £	Cash flows £	Non-cash changes £	31 March 2019 £
	Long-term borrowings	-9,975,362	0	201,687	-9,773,675
	Short-term borrowings	-782,344	782,343	-201,687	-201,688
	Finance lease liabilities	-109,846	109,846	0	0
	Private Finance Initiative liabilities	-13,239,635	631,910	0	-12,607,725
	Total liabilities arising from financing activities	-24,107,187	1,524,099	0	-22,583,088

Notes to the Financial Statements

11 Non-current assets held for sale

Items of property, plant and equipment that are surplus to requirements and satisfy the following criteria are classified as held for sale. They are shown as current assets because they are expected to be sold within a year from the Balance Sheet date.

Criteria -
- Assets must be available for sale in their present condition
- The sale must be highly probable and planned
- Assets must be actively marketed at a reasonable price
- The sale is expected to be completed within 12 months.

2017/18 £		2018/19 £
924,024	Balance at 1 April	0
0	Assets newly classified as held for sale	0
-924,024	Assets sold	0
0	Balance at 31 March	0

Assets which are surplus but cannot be shown to satisfy the criteria, or which are in use at the start of the year and then sold during the year, remain in property, plant and equipment and are recorded in Note 5.

The asset held at 1 April 2017 was the former headquarters of the Wiltshire and Swindon Fire Authority, where the sale had been agreed but not completed. This sale was completed on 4 December 2017.

Notes to the Financial Statements

12 Creditors

31 March 2018 £		31 March 2019 £
-2,857,077	Trade creditors	-2,363,960
-18,827,161	Related party payables	-16,527,544
-584,335	Council Tax and Business Rates	-677,944
-151,626	Other amounts	-472,710
-22,420,199	Total creditors	-20,042,158
	Comprising -	
-13,239,635	Long-term creditors - Private Finance Initiative (see Note 25)	-12,607,725
-9,070,718	Short-term creditors	-7,434,433
-109,846	Finance lease liabilities (see Note 24)	0
-22,420,199		-20,042,158

The analysis of creditors in the table is a new requirement in the 2018/19 Code. The comparative figures for 2017/18 have been restated in the revised format. The Code does not specify the analysis for creditors, but the format adopted mirrors the categories in Note 9 (Debtors). The definitions given in Note 9 also apply generally to creditors.

The Council Tax and Business Rates amount is the Authority's share of sums paid in advance by Council Taxpayers and businesses to the billing authorities.

Notes to the Financial Statements

13 Provisions

Provision for Non-Domestic Rates Appeals	£
Balance at 1 April 2018	-470,261
Share of Provisions made in 2018/19	-249,762
Balance at 31 March 2019	-720,023

As part of the arrangements for non-domestic rates, the Authority shows in the Balance Sheet an allocated 1% share of the provisions made by the billing authorities for appeals against rating valuations.

Provision for Insurance Claims	£
Balance at 1 April 2018	-167,784
Use of reserve during 2018/19	238,492
Additional provision made in 2018/19	-163,615
Balance at 31 March 2019	-92,907

The Authority operates an internal insurance fund, with external policies covering larger and more catastrophic losses. Provision has been made for claims notified but not settled relating to 2018/19 and earlier financial years.

The total provisions (£812,930) are shown in the Balance Sheet as short-term liabilities.

Notes to the Financial Statements

14 Usable Reserves

	Balance 1 Apr 17 £	Transfers out £	Transfers in £	Balance 31 Mar 18 £	Transfers out £	Transfers in £	Balance 31 Mar 19 £
General Fund	-10,124,437	5,000,000	-1,561,901	-6,686,338	3,960,038	0	-2,726,300
Earmarked Reserves	-17,477,252	7,346,659	-5,480,905	-15,611,498	6,614,716	-6,134,472	-15,131,254
Total General Reserves	-27,601,689	12,346,659	-7,042,806	-22,297,836	10,574,754	-6,134,472	-17,857,554
Capital Receipts Reserve	0	152,157	-1,255,000	-1,102,843	1,102,843	0	0
Total Usable Reserves	-27,601,689	12,498,816	-8,297,806	-23,400,679	11,677,597	-6,134,472	-17,857,554

General Fund

The General Fund is the statutory fund into which all the receipts of the Authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment (or the deficit that the Authority is required to recover) at the end of the financial year.

Earmarked Reserves

The Earmarked Reserves are parts of the General Fund which have been designated for specific purposes by the Authority. When expenditure is incurred on these purposes in the revenue account, an equivalent amount is transferred from the Reserve. If the Authority decides that these purposes are no longer relevant, then the balances may be transferred back into the General Fund.

The Earmarked Reserves are analysed in the table below, with a description of the specific purposes assigned by the Auhority.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. Where there is a balance on the reserve it shows the resources that have yet to be applied for these purposes at year-end.

Notes to the Financial Statements

Earmarked Reserves	Balance 1 Apr 17 £	Transfers out £	Transfers in £	Balance 31 Mar 18 £	Transfers out £	Transfers in £	Balance 31 Mar 19 £	See note below
Ill Health Retirement	-705,021	271,183	0	-433,838	31,500	0	-402,338	A
Insurance	-1,099,430	19,718	-48,015	-1,127,727	23,616	-148,318	-1,252,429	B
Unused grants	-4,942,094	1,181,986	-244,595	-4,004,703	1,574,683	-90,984	-2,521,004	C
Transformational Improvement	-2,313,288	229,846	0	-2,083,442	39,900	-5,426,024	-7,469,566	D
Leadership and Training	-409,505	104,000	0	-305,505		0	-305,505	E
Capital Replacement	-4,172,238	5,400,301	-5,188,295	-3,960,232	3,790,467	-237,501	-407,266	F
Service Control	-557,746	0	0	-557,746	0	-22,232	-579,978	G
Safety Centre Matched Funding	-1,000,000	0	0	-1,000,000	1,000,000	0	0	H
Leasing Rental	-750,833	85,000	0	-665,833	85,000	0	-580,833	I
Youth Intervention	-100,000	0	0	-100,000	14,917	-209,413	-294,496	J
Apprenticeships	-95,800	0	0	-95,800	0	0	-95,800	K
Emergency Medical Response	-200,000	0	0	-200,000	0	0	-200,000	L
ESMCP	-1,000,000	54,625	0	-945,375	54,633	0	-890,742	M
Other Reserves	-131,297	0	0	-131,297	0	0	-131,297	N
Total Earmarked Reserves	-17,477,252	7,346,659	-5,480,905	-15,611,498	6,614,716	-6,134,472	-15,131,254	

Notes to the Financial Statements

Purposes of Earmarked Reserves

A Ill Health Retirement

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. In some circumstances, contributions have to be made to the Pension Scheme in three annual instalments. This reserve recognises these specific liabilities, and guards against the unpredictable timing and cost of events of this nature.

B Insurance

Provision has been made for all known or possible insurance claims (see Note 13 above). This reserve is to cater for claims not covered by the provision.

C Unused Grants

Under the Code, revenue grants and contributions are recognised in the Comprehensive Income and Expenditure Statement, provided there are no unfulfilled conditions attached to them. Transfers into this reserve represent income received in the year but not yet used to cover expenditure. Transfers out represent income received in previous years and used to cover net expenditure in the current year. An analysis of income received by way of grants, contributions and donations in the year is shown in Note 20.

D Transformational Improvement

This reserve provides funding to meet one-off costs associated with transforming the new Service to meet future funding settlements and other Service requirements.

E Leadership and Training

This reserve provides support for learning and training costs not covered within the annual training plan.

F Capital Replacement

This reserve has been established to provide contributions towards the costs of funding future capital programmes. This will help to reduce the need to undertake external borrowing in future years and thereby reduce capital financing costs.

G Service Control

This reserve was set up to cover the transition costs associated with the establishment of the Service's new Service Control centre, based at Potterne. The centre commenced operations in August 2015.

Notes to the Financial Statements

H Safety Centre Matched Funding

This reserve was established to provide £1m of matched funding as the Service's contribution towards the costs of developing a new Safety Centre. This project has now been cancelled and the surplus funds transferred to the Transformational Improvement Reserve.

I Leasing Rental

This reserve is being used to fund the costs of an operating lease for the Service's headquarters at the Five Rivers Health and Wellbeing Centre in Salisbury. The lease commenced in February 2016 and lasts for ten years, with an annual rental cost of £85,000. Each year's rent is matched by a transfer from the reserve.

J Youth Intervention

This reserve has been set up to support the costs of running youth intervention and education programmes.

K Apprenticeships

This reserve has been set up to support the continuation of a firefighter apprenticeship scheme in the Service.

L Emergency Medical Response

This reserve has been set up to support the costs of trialling new approaches to emergency medical response.

M ESMCP

This reserve has been set up to support one-off costs associated with the Emergency Services Mobile Communications project. This is a nationally led project that will see the replacement of the mobile communications system currently used in the emergency services.

N Other Reserves

This covers a number of smaller reserves held.

Notes to the Financial Statements

15 Unusable reserves

Balances on the Authority's unusable reserves are shown in the last part of the Balance Sheet, with transactions summarised in the Movement in Reserves Statement. Full details of those transactions are given here, with further explanation as appropriate.

a Revaluation Reserve

This Reserve contains the unrealised gains arising from increases in the value of individual items of Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

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

2017/18 £	Revaluation Reserve	2018/19 £
-1,472,591	Balance at 1 April	-1,985,295
-1,367,607	Unrealised gains on revaluation of property assets	-1,884,277
79,903	Unrealised losses on revaluation of property assets	99,051
775,000	Write-out accumulated gains on assets sold or scrapped	0
-1,985,295	Balance at 31 March	-3,770,521

Notes to the Financial Statements

b Capital Adjustment Account

This Reserve absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account matches the depreciation and other charges made to the Comprehensive Income and Expenditure Statement (CIES). It is credited with resources set aside to finance capital expenditure from capital grants and the revenue account, including revenue provisions for debt repayment.

2017/18	Capital Adjustment Account	2018/19	
£		£	£
-1,311,157	Balance at 1 April		-5,511,914
	Reversal of items relating to capital expenditure charged or credited to CIES		
3,471,288	Depreciation of non-current assets	3,604,069	
1,400,719	Revaluation gains and losses on Property, Plant and Equipment	263,645	
147,129	Amortisation of intangible assets	145,038	
-111,580	Amounts of non-current assets written out on sale or disposal	421,703	
4,907,556	Net written out as the cost of non-current assets consumed in the year		4,434,455
-775,000	Adjusting amounts written out of the Revaluation Reserve		0
	Capital financing applied in the year		
-152,157	Capital Grants and Receipts applied to capital financing	-1,102,843	
-5,842,759	Capital expenditure charged against the General Fund	-4,227,109	
-1,414,281	Statutory provision for debt repayment	-1,405,552	
-818,067	Revenue provision in respect of Private Finance Initiative	-840,370	
-106,049	Revenue provision in respect of finance leases	-109,846	
-8,333,313			-7,685,720
-5,511,914	Balance at 31 March		-8,763,179

Notes to the Financial Statements

c Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement (CIES) as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation and changing assumptions and charging net interest on the defined benefit liability. However, statutory arrangements require benefits earned to be financed as the Authority makes employers' contributions to pension funds or pays any pensions or other benefits for which it is directly responsible.

The debit balance on the Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding has been set aside by the time that the benefits come to be paid. Further information about pensions liabilities is given in Note 26.

2017/18 £	Pensions Reserve	2018/19 £
563,457,000	Balance at 1 April	563,492,000
-12,981,000	Actuarial gains or losses on pensions assets and liabilities	-6,099,000
	Reversal of items relating to retirement benefits charged or (credited) to the CIES	
19,416,489	Deficit on the Provision of Services	27,262,465
-6,400,489	Employers' pension contributions and direct payments to pensioners payable in the year	-6,401,465
563,492,000	Balance at 31 March	578,254,000

Notes to the Financial Statements

d Collection Fund Adjustment Account

The Collection Fund Adjustment Account records the differences arising from the recognition of Council Tax income in the Comprehensive Income and Expenditure Statement (CIES) as it falls due from the Council Taxpayers compared with the statutory arrangements for precepts on the billing authorities' Collection Funds. This reflects the notion that the billing authorities act as agents for the Authority in collecting the Council Tax. The Account also records the adjustments required to reflect the agency arrangements for the collection of Non-Domestic Rates, as applied to the income shown in the CIES.

2017/18 £	Collection Fund Adjustment Account	2018/19 £
-642,859	Balance at 1 April	-770,011
	Amount by which the income credited to the CIES differs from that calculated for the year in accordance with statutory requirements	
-111,547	Council Tax	207,443
-15,605	Non-Domestic Rates	37,203
-770,011	Balance at 31 March	-525,366

Notes to the Financial Statements

e Short-term Accumulating Compensated Absences Account

This Reserve absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, i.e. annual leave entitlement and flexitime credits carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from this Account.

2017/18 £	Short-term Accumulating Absences Account	2018/19 £	2018/19 £
174,920	Balance at 1 April		143,886
-174,920	Settlement or cancellation of accrual made at the end of the preceding year	-143,886	
143,886	Amounts accrued at the end of the current year	216,415	
-31,034	Amount by which officer remuneration charged to the CIES on an accruals basis is different from that chargeable in the year in accordance with statutory requirements		72,529
143,886	Balance at 31 March		216,415

16 Cash Flow Statement - Operating activities

The net cash flows from operating activities include the following items:

2017/18 £		2018/19 £
-62,125	Interest received	-69,180
479,327	Interest paid	438,233
7,591	Interest paid on finance leases	3,796

Notes to the Financial Statements

17 Members' Allowances

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 to third parties for fares and accommodation in respect of conferences attended are not included in this table.

Membership of the Authority reduced from 30 to 18 on 6 June 2018. Those Members who remained on the Authority are marked with an asterisk in the table. Councillor Mattock replaced Councillor Martin in September 2018.

	Basic £	Special responsibility £	Travel and subsistence £	Total £
Allsopp, S R	587	0	0	587
* Amin, A	3,200	0	0	3,200
Anderson, M E J	587	293	0	880
* Biggs, R M	3,200	0	161	3,361
* Brookes, K	3,200	947	235	4,382
Burden, L F G	587	0	125	712
Butler, S	587	0	0	587
* Clark, E F	3,200	0	56	3,256
Dalton, B E	587	0	0	587
* Davies, M	3,200	0	0	3,200
Davis, A	587	0	0	587
Dean, M J	587	0	0	587
* Dunlop, B A	3,200	0	0	3,200
* Flower, S G	3,200	9,600	277	13,077
* Hutton, P J	3,200	0	80	3,280
Jamieson, C	587	293	0	880
Jeffries, S	587	0	0	587
* Jones, R	3,200	3,200	396	6,796
* Knox, R	3,200	0	271	3,471

Notes to the Financial Statements

	Basic £	Special responsibility £	Travel and subsistence £	Total £
Lovell, C P	327	163	0	490
* Martin, N D	1,538	0	41	1,579
Mattock, B	1,724	0	42	1,766
* Newbury, C	3,200	662	0	3,862
* Oatway, P	3,200	680	0	3,880
* Perkins, G	3,200	4,800	144	8,144
* Quayle, B	3,200	0	99	3,299
* Ridout, P J	3,200	0	0	3,200
Rochester, C P J	587	0	0	587
* Slade, V	3,200	0	0	3,200
* Stribley, A M	3,200	916	0	4,116
Yuill, R	587	0	0	587
Total for 2018/19	64,446	21,554	1,927	87,927
Total for 2017/18	91,933	22,578	8,602	123,113

Notes to the Financial Statements

18 Officers' remuneration

A Remuneration bands

The Accounts and Audit Regulations require the disclosure of the numbers of officers whose remuneration exceeded £50,000 in the year, analysed in bands of £5,000. Where appropriate, this table includes those officers listed in Note 18B and the effect of exit packages shown in Note 18C.

2017/18 No.	Remuneration band	2018/19 No.
37	£50,000 - £54,999	45
11	£55,000 - £59,999	17
12	£60,000 - £64,999	21
5	£65,000 - £69,999	5
3	£70,000 - £74,999	0
3	£75,000 - £79,999	3
0	£80,000 - £84,999	1
1	£85,000 - £89,999	2
0	£90,000 - £94,999	1
0	£95,000 - £99,999	0
2	£100,000 - £104,999	1
2	£105,000 - £109,999	3
	~	
1	£140,000 - £144,999	0
0	£145,000 - £145,999	1
	~	
0	£175,000 - £179,999	1

Notes to the Financial Statements

B Senior officers' remuneration

The Accounts and Audit Regulations require the disclosure of the remuneration of senior officers whose annual salary is over £50,000 and who have responsibility for management to the extent that they can direct or control the major activities of the Authority, either solely or collectively. These officers are the Brigade Managers who collectively form the Strategic Leadership Team. Expenses are taxable payments, not reimbursements made for (e.g.) subsistence. Benefits in kind comprise the taxable cash equivalent value of cars provided by the Authority.

2018/19 Role	Salary, fees and allowances £	Expenses & Benefits in kind £	Total excluding pension £	Employers' pension contributions £	Total £	See note
Chief Fire Officer	147,126	313	147,439	21,039	168,478	
Deputy Chief Fire Officer	104,557	0	104,557	18,617	123,174	
Assistant Chief Officer, Community Safety	109,252	138	109,390	23,758	133,148	
Assistant Chief Officer, Service Improvement	109,252	163	109,415	21,360	130,775	
Assistant Chief Officer, Service Support (to 31.12.18)	176,889	104	176,993	15,405	192,398	1
Assistant Chief Officer, Service Support (from 01.12.18)	33,000	12	33,012	3,619	36,631	2
Director of Finance	83,615	6,116	89,731	110,750	200,481	3
Director of People Services	72,487	5,689	78,176	12,905	91,081	4
Total	836,178	12,535	848,713	227,453	1,076,166	

Notes to the Financial Statements

2017/18 Role	Salary, fees and allowances £	Expenses & Benefits in kind £	Total excluding pension £	Employers' pension contributions £	Total £	See note
Chief Fire Officer	143,737	162	143,899	20,554	164,453	
Deputy Chief Fire Officer (from 25.09.17)	51,210	2,681	53,891	8,757	62,648	5
Assistant Chief Officer, Community Safety	101,993	144	102,137	22,133	124,270	
Assistant Chief Officer, Service Improvement	107,375	162	107,537	23,300	130,837	
Assistant Chief Officer, Service Support	107,375	144	107,519	20,187	127,706	
Director of Corporate Services (to 24.09.17)	47,134	2,681	49,815	8,060	57,875	5
Director of Finance	82,227	5,543	87,770	15,380	103,150	
Director of People Services	69,282	4,901	74,183	11,847	86,030	
Total	710,333	16,418	726,751	130,218	856,969	

Notes:
1. The Assistant Chief Officer, Service Support left on 31 December 2018. The annual salary for this role was £109,252. The salary, fees and allowances for this post includes a payment for compensation for loss of office as part of the downsizing of the Strategic Leadership Team.
2. The Assistant Chief Officer, Service Support was temporarily promoted to this role on 1 December 2018. The annual salary for this role was £99,000. A permanent appointment was made on 8 April 2019.
3. The Director of Finance retired on 31 March 2019, as part of the downsizing of the Strategic Leadership Team. The employers pension contributions for this post include the cost of early retirement paid to the Local Government Pension Scheme, net of a contribution by the postholder.
4. The Director of People Services works part-time, 32 hours per week. The full-time equivalent salary for this role is £83,424.
5. The Director of Corporate Services was promoted to the role of Deputy Chief Fire Officer from 25 September 2017.

Notes to the Financial Statements

C Exit Packages

The Code requires disclosure of the numbers and total cost of exit packages agreed in the year, in specified bands as shown in the table below. There were no compulsory redundancies in 2018/19.

The costs include payments to redundant employees, pension strain costs payable to the Pension Fund, and Employers' National Insurance contributions where applicable. Normal retirements are excluded, as the cost of these falls on the relevant pension fund, rather than on the Authority. All costs were accrued as at the date on which the agreements could no longer be changed or withdrawn.

2017/18			2018/19	
No.	£	Exit package cost band	No.	£
5	51,916	£0 - £20,000	2	30,683
1	39,524	£20,001 - £40,000	7	193,315
0	0	£40,001 - £60,000	1	50,000
0	0	£80,001 - £100,000	2	189,890

19 External audit costs

The Authority's external auditors charged £34,650 for work undertaken in 2018/19 (£45,000 in 2017/18).
From 2018/19 the Authority's external auditors are Deloitte LLP, whereas in 2017/18 the Authority was audited by KPMG LLP.

Notes to the Financial Statements

20 Grant income

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement during the year.

2017/18 £		2018/19 £	£
	Credited to the Cost of Services		
-108,307	National Resilience Grant (New Dimension)	-6,559	
-1,626,975	Private Finance Initiative (PFI) Grant	-1,626,978	
-185,487	Emergency Services Mobile Communications Programme Grant	0	
-155,300	Grants and contributions towards fire prevention activities	-168,689	
-513,337	Firelink Revenue Grant	-530,080	
-341,448	Other grants and contributions	-297,247	
-2,930,854			-2,629,553
	Credited to Taxation and Non-specific Grant Income		
-5,704,372	Revenue Support Grant	-4,493,101	
-5,015,887	Non-Domestic Rates Top-up Grant	-5,176,128	
-822,543	Other non-ringfenced Government Grants	-969,052	
-11,542,802			-10,638,281
-14,473,656	Total credited to the Comprehensive Income and Expenditure Statement		-13,267,834

Grants and contributions which have not been used to match expenditure in the year are transferred to earmarked reserves, while those brought forward from previous years may be transferred to the revenue account to cover expenditure in the current year. These transfers are shown in Note 14 and in the Movement in Reserves Statement. They are excluded from this table.

21 Related party transactions

The Authority is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Notes to the Financial Statements

Central Government has effective control over the general operations of the Authority, in that it is responsible for the statutory framework in which the Authority operates and provides much of its funding in grants. It also sets the terms of some of the transactions which the Authority has with other parties, such as Council Taxpayers. Grants received from central government are set out in Note 20.

Members of the Fire Authority have ultimate control over the Authority's governance and financial policies. The allowances paid to Members in the year are shown in Note 17. Where Members have declared personal interests in accordance with statutory requirements, the details of these have been recorded and are open to public inspection.

Key management personnel having the authority and responsibility for planning, directing and controlling the activities of the Service, and members of their families and households, have been asked to declare external interests which might affect the independence of the Authority. All those required to complete returns have replied with no material interests to declare. The payments made in respect of Brigade Managers are detailed in Note 18.

The Chief Fire Officer, Mr Ben Ansell, is a member of the Board of Trustees of SafeWise, a charity which receives a grant from Dorset & Wiltshire Fire and Rescue Authority.

As referred to in Note 1, the Authority is working with two other Fire Authorities (Devon & Somerset and Hampshire) in a Networked Fire Services Partnership (NFSP) project, to provide a collaborative approach to the provision of fire control services. The Authority is responsible for paying all partnership-related expenditure and for recovering each partner's share of these costs. During 2018/19 the partnership incurred total expenditure of £1,112,379 which was shared amongst the partners as detailed in the table below.

NFSP Costs Recovered	2017/18 £	2018/19 £
Devon & Somerset	168,787	323,250
Hampshire	183,977	344,378
Dorset & Wiltshire	288,074	444,751
Total	640,838	1,112,379

Notes to the Financial Statements

The Authority also incurred another £92,972 on the project in the year. This expenditure was solely attributable to Dorset & Wiltshire Fire and Rescue Authority, rather than to the partnership. Of the total £537,724 expenditure incurred by the Authority on NFSP in the year, £228,862 related to capital. All expenditure on the project during the year was financed by Government Grants.

Other public bodies may be considered to be related parties in that they are subject to common control by central government. The principal transactions are shown elsewhere in the Statement.

22 Capital expenditure and financing

The Capital Financing Requirement (CFR) is a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. It is increased annually by capital expenditure and the capitalisation of assets under the Private Finance Inititative, and reduced by the application of resources to finance that expenditure and the revenue provisions charged to the General Fund for the redemption of debt.

2017/18			2018/19	
£	£		£	£
	39,353,762	Opening CFR		37,169,794
		Capital expenditure		
552,308		Land and buildings	1,047,168	
3,720,595		Vehicles	3,775,583	
1,482,270		Plant and equipment	1,243,324	
0		Assets Under Construction	0	
239,744		Intangible assets	0	
	5,994,917			6,066,075
	154,428	Capitalisation of Private Finance Initiative Assets		208,460
		Sources of finance		
-5,842,759		Direct revenue financing	-4,227,109	
-152,157		Capital grants and receipts	-1,102,843	
-818,067		Revenue provision for Private Finance Initiative	-840,370	
-106,049		Revenue provision for finance leases	-109,846	
-1,414,281		Minimum Revenue Provision	-1,405,552	
	-8,333,313			-7,685,720
	37,169,794	Closing CFR		35,758,609

Notes to the Financial Statements

2017/18 £	£		2018/19 £	£
		Explanation of movement in CFR		
	-1,414,280	Increase/decrease(-) in underlying need to borrow		-669,429
	-663,639	Reduction in Private Finance Inititative liabilities		-631,910
	-106,049	Reduction in finance lease liabilities		-109,846
	-2,183,968	Increase/decrease(-) in CFR		-1,411,185

23 Operating leases

The Authority has the use of certain assets under the terms of operating leases. The annual rentals on these leases are charged to the Cost of Services in the Comprehensive Income and Expenditure Statement. The vehicles, equipment and property which are classified as operating leases are not included in the Balance Sheet.

The leases for vehicles and equipment all reached the end of their terms by 2018/19. Negotiations took place during the year so that ten fire appliances and four other vehicles were purchased through third parties. These are included in additions to plant and equipment in Note 5. Other leases for vehicles were extended. The charges shown as future minimum lease payments in the table below are those for extending the terms for these leases. All leases for vehicles and equipment are expected to end in 2019/20.

A new arrangement for the training centre at West Moors is included in the table for properties for the first time in 2018/19.

2017/18 £	Vehicles and equipment	2018/19 £
133,513	Charged to the Cost of Services in the year	10,471
	Future minimum lease payments	
8,545	Not later than one year	21,700
8,545	Total of future minimum lease payments	21,700

Notes to the Financial Statements

2017/18 £	Property	2018/19 £
166,000	Charged to the Cost of Services in the year	466,000
	Future minimum lease payments	
166,000	Not later than one year	386,000
627,076	Later than one year and not later than five years	1,486,076
993,734	Later than five years	848,734
1,786,810	Total of future minimum lease payments	2,720,810

24 Finance leases

The Authority acquired four fire appliances in 2009/10 under a finance lease for a ten-year term. The annual payment is £113,640, which is split between financing costs charged to the Comprehensive Income and Expenditure Statement as interest payable (£3,796 in 2018/19) and the reduction in the liability to pay the lessor. There are no lease payments outstanding at the end of the year and the liability has been reduced to zero. The four appliances are still in the active vehicle fleet. A decision on their future will be made in 2019.

Assets held under finance leases are included in the Balance Sheet at the net present value of the payments to the lessor, and are subject to annual depreciation. They are included in the analysis of property, plant and equipment in Note 5. The net book value at 31 March 2019 is the residual value as estimated at the inception of the lease.

31 March 2018 £	Balance Sheet - carrying amount	31 March 2019 £
229,218	Net book value at start of year	141,915
-87,303	Depreciation	-87,303
141,915	Net book value at end of year	54,612

Notes to the Financial Statements

25 Private Finance Initiative

The Authority signed a contract for a Headquarters building and Fire Station in Dorchester and a Fire Station and Area Headquarters in Poole on 10 July 2007, using the Government's Private Finance Initiative (PFI). This was part of a joint PFI funded project between the former Dorset Fire Authority and Dorset Police & Crime Commissioner. The Poole Fire Station opended in August 2008, and the Headquarters and Dorchester Fire Station, sited at Poundbury in Dorchester, opened in October 2008. The Area Headquarters, located on the site of the former Poole Fire Station, opened in December 2009, but since July 2016 is now solely used by Dorset Police. The PFI contract will finish in December 2034, 25 years after the opening of the final site.

During 2018/19 the authority received £1,626,978 of financial support from the Ministry for Housing, Communities and Local Government in the form of a PFI grant. The Authority share of the unitary charge payments made to the PFI contractor totalled £2,468,331.

The value of liabilities due to the PFI providers over the life of the DESPI PFI Schemes is:

2017/18 £		2018/19 £
-13,903,275	Balance at 1 April	-13,239,635
-154,427	Capitalisation of Private Finance Initiative Assets in year	-208,460
818,067	Principal repayment in the year	840,370
-13,239,635	Balance at 31 March	-12,607,725

Notes to the Financial Statements

26 Defined Benefit Pension Schemes

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.

The Authority participates in two pension schemes:

- the Local Government Pension Scheme (LGPS) for corporate employees and for uniformed personnel who are not eligible to join the Firefighters' Scheme. Up to and including October 2018 the LGPS was administered by both Dorset County Council (for new employees and LGPS members previously employed by Dorset Fire & Rescue Service) and Wiltshire Council (for LGPS members previously employed by Wiltshire Fire & Rescue Service). With effect from 1 November 2018, all LGPS members in the Dorset scheme were transferred into the Wiltshire Pension Fund and Wiltshire Council is now responsible for administering the scheme.

  This is a funded defined benefit scheme, into which the Authority and employees pay contributions that are calculated at a level intended to balance the pension liabilities with investment assets. The fund is invested in equities, bonds, property and other investments. The actuary for the Wiltshire Pension Fund is Hymans Robertson.

- the Firefighters' Pension Scheme (FPS) for uniformed personnel - this includes the 1992, 2006, 2015 and Modified schemes. Membership of each scheme is dependent on the personal circumstances of each member, such as whether they are a Wholetime or Retained firefigther and their date of joining. Although the terms and conditions of each scheme vary, all are unfunded schemes, 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 fall due. The actuary for the FPS is Barnett Waddingham.

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

Notes to the Financial Statements

Governance of the LGPS scheme is the responsibility of the Pension Fund Committee in Wiltshire, which includes Elected Members, employer organisations and representatives and employees. The Committee exercises the functions of an administering authority under the LGPS Regulations and makes strategic decisions about the Fund and has responsibility for running the Fund in an efficient and effective manner for the benefit of members and employers. Investments are made according to a Statement of Investment Principles. The Wiltshire Pension Board, which includes employer and member representatives, also provides an oversight role to ensure compliance with scheme regulations.

The principal risks to the Authority of the LGPS are the assumptions made by the Actuary, statutory and structural changes to the scheme and the yields and performance of the investments. These are mitigated by the charges required to be made in the General Fund.

The last formal valuation of the LGPS pension fund was as at 31 March 2016.

The FPS is administered by West Yorkshire Pension Fund on behalf of the Authority. A Local Pension Board, comprising Fire Authority Members, pensioner representatives and employer representatives is responsible for monitoring the performance of the pensions administrators and assisting the Authority in its role as the Scheme Manager of the FPS, so as to comply with the Regulations, any other legislation relating to the governance and administration of the scheme, and any requirements of the Pensions Regulator, as well as ensuring the effective and efficient governance and adminstration of the Scheme.

The risks of the FPS are reduced by the top-up grant, which is paid by Government to cover the net deficit on the Scheme. The main residual risk concerns some injury liabilities for which the Authority is responsible. The last formal valuation of the FPS was at 31 March 2016. From 1 April 2015 a new benefit structure came into effect for the FPS meaning that all current active members will move into the new (2015) scheme from that date unless they qualify for protections that allow them to remain in their current scheme.

b Transactions relating to retirement benefits

The cost of retirement benefits is recognised in the Comprehensive Income and Expenditure Statement (CIES) 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 amount payable in the year, so the real cost of retirement benefits is reversed out of the General Fund by way of the Movement in Reserves Statement (MIRS). The transactions on all of the FPS schemes are aggregated in the Accounts. The transactions made in the CIES and MIRS during the year are shown in this table.

Notes to the Financial Statements

2017/18 Firefighters' Scheme £	2017/18 LGPS £	Transactions in CIES and MIRS	2018/19 Firefighters' Scheme £	2018/19 LGPS £
		Comprehensive Income and Expenditure Statement		
9,990,000	3,345,000	Current service cost	10,021,000	2,159,000
0	89,000	Past service costs	9,623,000	247,000
14,317,000	718,000	Net interest expense	13,552,000	628,000
-13,659,000	-1,784,000	Benefits paid net of contributions by scheme participants	-14,151,000	-1,218,000
10,648,000	2,368,000	Total charged or credited to the deficit on the provision of services	19,045,000	1,816,000
		Other Comprehensive Income and Expenditure		
		Remeasurement of the net defined benefit liability comprising:		
0	-1,748,000	Return on plan assets (excluding that in the net interest expense)	0	-1,296,000
-9,205,000	-2,028,000	Actuarial gains/losses from changes in financial assumptions	22,420,000	6,970,000
0	0	Actuarial gains/losses from changes in demographic assumptions	-29,475,000	0
0	0	Other experience*	0	-4,718,000
-9,205,000	-3,776,000	Total charged to other comprehensive income and expenditure	-7,055,000	956,000
1,443,000	-1,408,000	Total charged to CIES	11,990,000	2,772,000
		Movement in Reserves Statement		
-10,648,000	-2,368,000	Reversal of net charges made to the deficit on the provision of services in accordance with the Code	-19,045,000	-1,816,000
4,632,874	1,767,615	Actual amount charged against the General Fund balance for pensions - Employers' contributions payable to the schemes	4,578,964	1,822,501

* Other experience includes the effects of the transfer of Dorset LGPS members into the Wiltshire Pension Fund during the year.

Notes to the Financial Statements

c Assets and liabilities in relation to retirement benefits

31 March 2018 Firefighters' Scheme £	31 March 2018 LGPS £	Pensions assets and liabilities recognised in the Balance Sheet	31 March 2019 Firefighters' Scheme £	31 March 2019 LGPS £
-511,807,000	-58,000	Present value of unfunded liabilities	-524,930,000	-60,000
0	-72,251,000	Present value of funded liabilities	0	-79,733,000
-26,700,000	0	Present value of injury liabilities	-25,567,000	0
0	47,324,000	Fair value of employer assets	0	52,036,000
-538,507,000	-24,985,000	Net liability arising from defined benefit obligation	-550,497,000	-27,757,000

2017/18 Firefighters' Scheme £	2017/18 LGPS £	Reconciliation of present value of scheme liabilities	2018/19 Firefighters' Scheme £	2018/19 LGPS £
-537,064,000	-69,486,000	Opening balance at 1 April	-538,507,000	-72,309,000
-9,990,000	-3,345,000	Current service cost	-10,021,000	-2,159,000
0	-89,000	Past service cost	-9,623,000	-247,000
-14,317,000	-1,898,000	Interest cost on defined benefit obligation	-13,552,000	-1,292,000
-2,658,000	-538,000	Contributions by scheme participants	-2,814,000	-368,000
16,317,000	1,019,000	Benefits paid	16,965,000	672,000
		Remeasurement gains and losses:		
9,205,000	2,028,000	Changes in financial assumptions	-22,420,000	-6,970,000
0	0	Changes in demographic assumptions	29,475,000	0
0	0	Other experience*	0	2,880,000
-538,507,000	-72,309,000	Closing balance at 31 March	-550,497,000	-79,793,000

* Other experience includes the effects of the transfer of Dorset LGPS members into the Wiltshire Pension Fund during the year.

Notes to the Financial Statements

2017/18 Firefighters' Scheme £	2017/18 LGPS £	Reconciliation of the fair value of scheme assets	2018/19 Firefighters' Scheme £	2018/19 LGPS £
0	43,093,000	Opening balance at 1 April	0	47,324,000
0	1,180,000	Interest income on plan assets	0	664,000
2,658,000	538,000	Contributions by scheme participants	2,814,000	368,000
13,659,000	1,784,000	Employer contributions	14,151,000	1,218,000
-16,317,000	-1,019,000	Benefits paid	-16,965,000	-672,000
0	0	Transfers to/from other authorities	0	0
0	1,748,000	Return on assets excluding that included in net interest	0	1,296,000
0	0	Other experience*	0	1,838,000
0	47,324,000	Closing balance at 31 March	0	52,036,000

* Other experience includes the effects of the transfer of Dorset LGPS members into the Wiltshire Pension Fund during the year.

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £578.3m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £547.6m.

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

- the deficit on the local government scheme will be made good by increased contributions over the remaining life of employees (i.e. before payment falls due), as assessed by the scheme actuary, and
- finance is only required to be raised to cover firefighter pensions when the pensions are actually paid.

The above liablilities include an increase to the past service cost of £9,833,000 (£9,623,000 for the Firefighers' Scheme and £210,000 for the LGPS) as a result of revised actuarial reports which the Authority requested to take account of the McCloud/Sergeant Court of Appeal ruling. Note 2 describes this ruling in more detail.

Notes to the Financial Statements

d Fair Value of Employer Assets

31 March 2018			Analysis of fair value of scheme assets	31 March 2019		
Quoted prices in active markets £	Prices not quoted in active markets £	Total £	Wiltshire Council Fund	Quoted prices in active markets £	Prices not quoted in active markets £	Total £
			Equity securities			
501,500	0	501,500	Consumer	1,080,300	0	1,080,300
373,400	0	373,400	Manufacturing	804,200	0	804,200
68,300	0	68,300	Financial institutions	147,100	0	147,100
108,000	0	108,000	Health and care	232,700	0	232,700
2,480,900	0	2,480,900	Information Technology	5,343,200	0	5,343,200
201,900	0	201,900	Other	435,000	0	435,000
3,734,000	0	3,734,000	Total equity securities	8,042,500	0	8,042,500
			Property			
0	2,533,800	2,533,800	United Kingdom	0	5,457,500	5,457,500
0	552,000	552,000	Overseas	0	1,189,000	1,189,000
0	3,085,800	3,085,800	Total property	0	6,646,500	6,646,500

Notes to the Financial Statements

31 March 2018			Analysis of fair value of scheme assets	31 March 2019		
Quoted prices in active markets £	Prices not quoted in active markets £	Total £	Wiltshire Council Fund	Quoted prices in active markets £	Prices not quoted in active markets £	Total £
			Investment Funds and Unit Trusts			
0	12,710,900	12,710,900	Equities	0	27,377,900	27,377,900
0	3,954,900	3,954,900	Bonds	0	8,518,500	8,518,500
0	426,600	426,600	Infrastructure	0	919,000	919,000
0	67,300	67,300	Other	0	144,900	144,900
0	17,159,700	17,159,700	Total Investment Funds and Unit Trusts	0	36,960,300	36,960,300
			Cash and other			
179,500	0	179,500	Cash and cash equivalents	386,700	0	386,700
0	0	0	Other	0	0	0
179,500	0	179,500	Total cash and other	386,700	0	386,700
3,913,500	20,245,500	24,159,000	Total scheme assets	8,429,200	43,606,800	52,036,000

Notes to the Financial Statements

31 March 2018			Analysis of fair value of scheme assets
Quoted prices in active markets £	Prices not quoted in active markets £	Total £	Dorset County Council Fund
12,521,000	0	12,521,000	Equities
0	3,033,000	3,033,000	Gilts
0	325,000	325,000	Cash
1,624,000	0	1,624,000	Other Bonds
0	1,401,000	1,401,000	Diversified Growth Fund
2,335,000	0	2,335,000	Property
0	836,000	836,000	Infrastructure
0	0	0	Hedge Fund
0	1,090,000	1,090,000	Multi Asset Credit
16,480,000	6,685,000	23,165,000	Total scheme assets

Due to the transfer of the Authority's Dorset LGPS members to the Wiltshire Pension Fund during the year, there are no associated assets for The Dorset County Council Fund as at 31 March 2019. The value of the assets of the Dorset fund brought forward as at 1 April 2018 has been transferred into the Wiltshire Pension Fund.

Notes to the Financial Statements

e Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method of valuation, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Firefighters' Schemes have been assessed by Barnett Waddingham, and the Wiltshire Council Fund by Hymans Robertson, who are both independent actuaries.

31 March 2018			Principal assumptions used by the actuary	31 March 2019	
Firefighters' Scheme	Wiltshire LGPS	Dorset LGPS		Firefighters' Scheme	Wiltshire LGPS
			Mortality assumptions		
			Longevity for current pensioners (in years)*		
22.3	22.5	24.0	Men	21.3	22.5
24.8	24.9	26.1	Women	23.7	24.9
			Longevity for future pensioners (in years) *		
24.5	24.1	26.2	Men	23.0	24.1
27.2	26.7	28.4	Women	25.5	26.7
3.4%	3.4%	3.3%	Rate of inflation (Market derived RPI)	3.5%	3.5%
3.9%	2.7%	3.8%	Rate of increase in salaries	4.0%	2.8%
2.4%	2.4%	2.3%	Rate of increase in pensions	2.5%	2.5%
2.6%	2.7%	2.6%	Rate for discounting scheme liabilities	2.4%	2.4%

* Longevity assumptions are based on retirement at 65. Future pensioners are assumed to be age 45 as at 31 March 2019.

Notes to the Financial Statements

f Sensitivity analysis and risks and uncertainties relating to assumptions

There is a range of actuarial assumptions which is acceptable under IAS 19, particularly in respect of expected salary increases and demographic factors. The assumptions used are the responsibility of the Authority, after taking the advice of the actuaries. There are risks and uncertainties associated with whatever assumptions are adopted, as the assumptions are effectively projections of future investment returns and demographic experience many years into the future. Inevitably this involves a great deal of uncertainty about what constitutes a "best estimate" under IAS 19. The actuaries interpret this as meaning that the proposed assumptions are neutral, i.e. there is an equal chance of actual experience being better or worse than the assumptions used.

The assumptions used are largely prescribed and reflect market conditions at 31 March 2019. Changes in market conditions can have a significant effect on the value of liabilities reported. For example, a reduction in the net discount rate will increase the assessed value of liabilities as a higher value is placed on benefits paid in the future. The effect of changes in financial assumptions is shown in the table.

Approximate increases - Firefighters' Schemes	Change	Employer Liability £
Change in financial assumptions 2018/19		
Decrease in real discount rate	0.1%	11,245,000
Increase in member life expectancy	1 year	11,884,000
Increase in rate of increase in salaries	0.1%	11,579,000
Increase in rate of increase in pensions (CPI)	0.1%	11,733,000

Approximate increases - Wiltshire LGPS	Change	Employer Liability £
Change in financial assumptions 2018/19		
Decrease in real discount rate	0.5%	9,680,000
Increase in member life expectancy	1	* see below
Increase in rate of increase in salaries	0.5%	1,865,000
Increase in rate of increase in pensions	0.5%	7,622,000

* For sensitivity purposes, the actuary for Wiltshire LGPS estimates that a one-year increase in life expectancy would approximately increase the Authority's Defined Benefit Obligation by around 3-5%. No definitive monetary amount is provided by the actuary.

Notes to the Financial Statements

27 Contingent assets and liabilities

The Code 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 Authority's control. Contingent assets are not recognised in the Comprehensive Income and Expenditure Statement 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.

The Authority is also 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, no such contingent liabilities had been identified.

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 Services: 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. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

Responsibility for the implementation and monitoring of treasury management policies and practices is delegated to the Finance and Governance Committee and for their execution and administration to the Treasurer, who acts in accordance with CIPFA's "Standard of Practice on Treasury Management". Daily administration is carried out by staff in the Finance Department, following the policies set out in the Authority's Policy Statement and Annual Investment Strategy.

Notes to the Financial Statements

Credit risk

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

The 2018/19 Treasury Management Policy Statement and Practices (incorporating the Annual Investment Strategy) allowed internal staff to invest surplus cash in a limited range of specified deposits, either fixed term or on call, but where the maturity was for no longer than one year. The Treasury Management Policy requires financial institutions to have a minimum short-term Fitch IBCA credit rating of F1 and a long-term rating of A. The criteria are used to derive a list of institutions which may be used, and authority is delegated to the Treasurer to vary the list and limits as circumstances dictate. The listings are reviewed at least quarterly. During 2018/19, investment activites continued to be constrained by changes to ratings and by the unwillingness of some institutions to accept short-term deposits for the sums available to invest.

The maximum investment in any one institution at any one time is set as in the table.

Category of financial institution	Maximum investment
Highest quality UK and overseas financial institutions	£5 million
Other local authorities	£3 million
100% owned subsidiaries of clearing banks	£3 million
Other F1/A rated banks and building societies	£1.5 million

At 31 March 2019, there were no short-term investments held by the Authority. At 31 March 2018, £3,000,000 was invested with two institutions with less than three months to maturity. At 31 March 2019, £4,402,698 was held in call and deposit accounts which counted as cash equivalents. These short-term, highly liquid investments are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The credit risks in investments have not changed since initial recognition. As the risk of default is considered to be negligible, the Authority has not estimated an amount of expected credit losses. At 31 March 2018, cash equivalents included investments of £6,540,862 with four institutions.

The Authority does not generally allow credit to its debtors, and at 31 March 2019, there were no material trade debts more than three months past their due date. The impairment allowance of £5,211 was set with reference to specific debtors and individual debts, not on a formula basis.

Liquidity risk

The Authority manages its cash flow to ensure that cash is available when needed. If unexpected movements happen, there is ready access to funds through the money markets. There was no need to borrow in this way in 2018/19 or in 2017/18.

Notes to the Financial Statements

To finance that part of its capital programme not covered by grants or other resources, the Authority has borrowed exclusively from the Public Works Loan Board. Access to funds from this source is such that there is no significant risk that the Authority 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.

31 March 2018 £	Maturity profile of borrowings	31 March 2019 £
782,344	Less than one year (in Current Liabilities in Balance Sheet)	201,688
201,688	One to two years	151,796
2,913,141	Two to five years	2,797,042
653,534	Five to ten years	617,837
6,207,000	Over ten years (last date October 2027)	6,207,000
10,757,707	Total loans outstanding	9,975,363

The maximum maturing in any one year is £2,153,300 in 2021/22.

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 rise in rates would reduce the fair value of fixed rate borrowings, but this does not impact upon the Comprehensive Income and Expenditure Statement. As all borrowings are at fixed rates, this gives certainty of cash flow. However, a change 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 2018/19 interest rates on the money market remained at a very low level. The Bank of England base rate increased from 0.25% to 0.5% on 2 November 2017, and remained at this level throughout 2018/19. Income from investment interest was £53,450 in 2018/19 (£58,499 in 2017/18). This represented an average rate of 0.59% on sums invested (0.40% in 2017/18). If rates were to increase by 0.1%, income would increase by £8,710, 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.

Notes to the Financial Statements

29 Impact of future accounting standards

The Code requires disclosure of information relating to the impact of an accounting change that will be required by standards that have been issued or amended but not yet adopted. The following new or amended standards have been introduced to the 2019/20 Code and may require a change in accounting policy with effect from 1 April 2019.

- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014-2016 Cycle, including IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

It is anticipated that these amendments will not have a material impact on the information provided in the financial statements.

The Firefighters' Pension Fund Account

2017/18 £	2017/18 £	Pension Fund Account	2018/19 £	2018/19 £
		Contributions receivable		
		From the Fire Authority		
-3,141,472		Contributions in relation to pensionable pay	-3,265,496	
-363,100		Other receipts	-31,500	
-2,661,727		Firefighters' contributions	-2,812,696	
	-6,166,299	Total income		-6,109,692
		Benefits payable		
11,917,331		Pensions	12,313,421	
1,763,725		Commutation of pensions and lump sum retirement benefits	2,492,898	
	13,681,056			14,806,319
	64,708	Transfers to other schemes		0
	13,745,764	Total expenditure		14,806,319
	7,579,465	Net amount payable for the year		8,696,627
	-5,828,866	Less Top-up Grant received on account for the year		-6,844,046
	1,750,599	Balance of Top-up Grant receivable		1,852,581

31 March 2018 £	31 March 2018 £	Pension Fund Net Assets Statement	31 March 2019 £	31 March 2019 £
		Current Assets (Debtors)		
	1,750,599	Pension Top-up Grant receivable from the Government		1,852,581
	1,750,599	Net current assets and liabilities *		1,852,581

* The net debtor at 31 March 2019 is included in the Balance Sheet figure for Short-term Debtors.

Notes to the Pension Fund Accounts

1 Operation and Administration of the Firefighters' Pension Scheme

The Firefighters' Pension Scheme (Amendment) (England) Regulations 2015 established the current arrangements for the operation of the Scheme. The Scheme is unfunded, meaning that there are no investment assets built up to meet future liabilities. Employees and the Authority, as employer, both pay contributions into the Fund, based on percentages of pay which are set nationally and are subject to regular revaluation by the Government Actuary's Department.

The Firefighters' Pension Scheme includes the 1992, 2006, 2015 and Modified schemes. It pays pensions and defined benefits to former wholetime and retained employees. Membership of each scheme is dependent on the personal circumstances of each member. Sums paid into the Fund as contributions or transfers from other schemes, and sums paid out as benefits or transfers, are specified by the Regulations. Any difference between sums receivable and payable is met by a top-up grant from, or payment to, the Home Office.

The Schemes and the Funds are administered on behalf of the Authority by West Yorkshire Pension Fund.

2 Accounting Policies

As the Pension Fund has no investment assets and does not account for benefits payable in the future, there are no accounting policies which diverge from those described in the main Statement of Significant Accounting Policies.

3 Future Liabilities

The Pension Fund Account takes account only of transactions for the year of account. The Net Assets Statement shows assets and liabilities as at 31 March 2019. They do not take account of liabilities to pay pensions and other benefits after this period. Details of the Authority's future liabilities are set out in Note 26 to the Financial Statements.

Glossary of Terms

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

Accounting Standards
Statements of accepted accounting practice, applicable across the public and private sectors. They form a hierarchy such that where a higher level standard does not cover particular circumstances, then reference is made to standards on a lower level. The levels are:

1. International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS), and interpretations by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), as adopted by the European Union.
2. International Public Sector Accounting Standards (IPSAS).
3. UK Generally Accepted Accounting Practice (GAAP), Financial Reporting Standards (FRS), Statements of Standard Accounting Practice (SSAP) and Urgent Issues Task Force (UITF) Abstracts.

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

Actuary & Actuarial Valuation
An independent professional who advises on the position of the pension fund, providing a valuation of its assets and liabilities at intervals.

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 instruments, 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. This is the case for all loans borrowed from the Public Works Loan Board.

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

Balance Sheet
Statement of recorded assets, liabilities, reserves and other balances at the end of an accounting period.

Glossary of Terms

Baseline Funding Level
That part of the income of the Authority which finances revenue expenditure and comprises the share of business rates and a Top-up Grant from the Government.

Budget
An estimate of the revenue spending for the year, made for the purposes of setting the Council Tax and subsequently controlling costs during the year. If net expenditure is less than the budget, this is known as underspending. As resources have been raised to match the expected spending, the surplus arising from the underspending is added to Reserves. Conversely, a deficit arising from overspending the budget will reduce the General Reserve.

Business Rates - See National Non-Domestic Rates (NNDR).

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 property, plant and equipment, over the life of those assets, through depreciation and impairment losses. The account thus recognises the timing difference arising from the different rates at which assets are accounted for as being consumed and at which resources are set aside to finance their acquisition or enhancement.

Capital Expenditure
Expenditure on the purchase of new property, plant, vehicles and major items of equipment or on the improvement of existing assets.

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

Capital Programme
The budget for capital expenditure on property, plant, vehicles and major items of equipment, including computer systems and software.

Capital Receipts
Income received from the disposal of land, buildings and other capital assets, where the sale proceeds exceed a statutory minimum, currently £10,000 per asset. Income from sales which realise less than this minimum is credited to the Comprehensive Income and Expenditure Statement.

Cash equivalents
Short-term, highly liquid investments which have little scope for changes in value.

Glossary of Terms

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.

The "Code"
The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19. This prescribes the form and content of the Statement of Accounts, and is published by a joint committee of CIPFA and LASAAC (The Local Authority (Scotland) Accounts Advisory Committee). It is based on approved accounting standards and reflects specific statutory accounting requirements. Compliance with the Code is necessary in order that the Authority's Accounts give a "true and fair" view of its financial position and performance. The Statement also has to comply with any "Code Update" which may be issued after the main Code, while Note 29 refers to the impact of accounting standards which have not yet been incorporated into the Code.

Collection Fund - See Council Tax and National Non-Domestic Rates.

Comprehensive Income and Expenditure Statement
A statement showing the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount funded by grants, Business Rates and the Council Tax.

Contingent assets and liabilities
Possible assets and liabilities that arise from past events but whose existence will only be confirmed by future events not wholly within the Authority's control. These are not recognised in the Accounts as prudence cautions that future gains may never be realised and losses may not occur. However, reserves may be earmarked to protect current and future resources against possible losses.

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. The tax is collected by the Unitary Authorities in Wiltshire, Swindon, Bournemouth and Poole and the District Councils in Dorset. These are known as the **billing authorities**. The billing authorities pay the tax into a **Collection Fund**, which records a surplus or deficit according to how much of the tax due is actually collected. The Authority issues a **precept** to each billing authority requiring them to pay to the Authority its share of the tax adjusted for the surplus or deficit on the Collection Fund.

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

Glossary of Terms

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

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

De minimis - see Materiality.

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, but an adjustment ensures that there is no effect on the Council Tax. The depreciable amount is the cost or value of an asset less its residual value. Depreciation may be regarded as the allocation of the depreciable amount over the useful life of the asset.

Earmarked Reserves
Amounts set aside for a specific purpose, a particular service or a type of expenditure. Technically, they are part of the General Fund, but they are set out as a separate part of usable reserves, except in the Movement in Reserves Statement.

Fair Value
The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value may apply to physical assets, such as property, or transactions without physical existence, such as financial instruments. Land and buildings are valued at current value, which is the amount that would be paid for the asset in its current use.

Finance Lease - See Lease.

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.

General Fund (General Reserve)
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. In the Statement, this account is included in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement. The balance is carried forward as part of the Usable Reserves in the Balance Sheet. Though usually disclosed separately, the Earmarked Reserves are earmarked parts of the General Reserve.

Gross Expenditure
Total expenditure before deducting income.

Glossary of Terms

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

Heritage Assets
Property, plant and equipment, and intangible assets, which are held primarily for their contribution to knowledge or culture, rather than for operational use. The Authority keeps its asset holdings under review, but has concluded that there are no Heritage Assets within the Balance Sheet.

Historical Cost
Since the Authority came into being on 1 April 2016, the historical cost of property, plant and equipment is the carrying amount in the Balance Sheet at that date or at the date of acquisition, if later, adjusted for subsequent depreciation and impairment.

Impairment
The permanent diminution in the value of an individual item of property, plant or equipment, caused by a consumption of economic benefits, such as irreparable damage.

Intangible Assets
An identifiable non-monetary asset without physical substance, controlled by the Authority, producing future economic or service benefits. The most common class of intangible assets is computer software, but where this forms an inseparable part of a computer system, the system as a whole will be identified as a tangible asset in property, plant and equipment.

International Financial Reporting Standards (IFRS) - See Accounting Standards

Inventories
Stocks of consumable items such as fuel, uniforms or equipment, which may be purchased in one year and used in another, with the value of the unused items being carried forward in the Balance Sheet as current assets.

Lease
An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for a specified period of time. A **Finance Lease** transfers substantially all of the risks and rewards incidental to ownership to the lessee, whether or not title is transferred at the end of the lease. Any lease not meeting the definition of a Finance Lease is an **Operating Lease**. Each type of lease is accounted for differently.

Liabilities
Amounts owed by the Authority to lenders or suppliers.

Glossary of Terms

Materiality and de minimis
The threshold or cut-off point whereby an item is separately identified in the Statement. An absolute figure cannot normally be stated, as materiality varies according to the class or nature of items being considered. Application of the principle is a matter of judgement. For example, omissions or misstatements are material if they could, individually or collectively, influence the decisions or assessments of those reading the Statement. A discretionary "de minimis" limit of £10,000 has been set for items of equipment - i.e. such items become assets if they cost over £10,000 and will last more than a year, even if they have been purchased initially out of the revenue account. This matches the statutory de minimis limit for capital receipts.

Minimum Revenue Provision
The minimum amount the Authority must charge to its revenue account to provide for the repayment of debt. Further provisions may be set aside on a voluntary basis, for example to satisfy the accounting requirements of finance leases.

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

Movement in Reserves Statement
A Statement showing the movement in the year on the usable and unusable reserves held by the Authority.

Net Book Value (Carrying Amount)
The remaining value of an asset after deducting depreciation and impairment losses. The net book value may be nil if an asset has no residual value and has been retained in use after the end of its anticipated life, over which it has been fully depreciated.

National Non-Domestic Rates (NNDR)
A flat rate in the pound set by Government, often known as 'Business Rates', levied on businesses and paid into a National Pool. The Councils which collect the business rates have been allowed to keep a proportion of the sums collected, and must pay to the Authority 1% of the total collected, allowing for a share of the surplus or deficit on that part of the Collection Fund which relates to business rates.

Net Expenditure
Gross expenditure less income.

Operating Lease - See Lease.

Glossary of Terms

Outturn
Actual income and expenditure for the financial year.

Overspending - See Budget.

Precept
The charge made by one authority to another to finance its net expenditure. See Council Tax above.

Private Finance Initiative
A Government-led scheme whereby a private contractor provides facilities for a public body in return for an annual payment over a long term. The body receives assistance from the Government in the form of an annual grant. In most schemes, the assets transfer to the public body at the end of the contract.

Property, Plant and Equipment
Tangible fixed assets - i.e. assets with physical substance that are held for use in the production or supply of goods and services or for administrative purposes, and are expected to be used during more than one accounting period. Accounting for these assets is based on their current value and is separated from the statutory arrangements for financing their acquisition and improvement. For accounting purposes, the definition includes vehicles.

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. If there is no estimate that is reasonably reliable, there is a contingent liability and a reserve may be earmarked to cover future costs.

Prudential Code & Prudential Indicators
The Prudential Code for Capital Finance in Local Authorities, published by CIPFA. Fire authorities are required to comply with its provisions when setting their capital programmes and treasury management policies. The Prudential Code sets out measures which demonstrate that the authority is complying with the Code in terms of affordability, prudence, sustainability and practicality in its capital activities and treasury management.

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

Glossary of Terms

Reserves
The amount held in balances and funds that are free from specific liabilities or commitments. Reserves may be usable or unusable. **Usable reserves** may be used to finance future spending from the revenue account, including contributions from revenue to finance capital expenditure. **Unusable reserves** are for accounting purposes only and do not represent available resources.

Residual Value
The estimated amount that the Authority would receive from the sale of an asset if the asset were already of the age and in the condition expected at the end of its useful life.

Revaluation
Formal review by a professional valuer of the fair value of assets recorded in the Balance Sheet at current value. The Code requires a revaluation at intervals of no more than five years. The revised value is included in the Balance Sheet. The Authority has adopted a rolling programme of revaluations of its properties, so that the cost is spread evenly over the five-year period.

Revaluation Reserve
A record of the accumulated gains on the fair value of property, plant and equipment arising from inflation or other factors, to the extent that these gains have not been consumed by subsequent reductions in value. The balance on this reserve is carried forward as part of the Unusable Reserves in the Balance Sheet.

Revenue Account
The account which records all the revenue expenditure and income of the Authority. The difference between the net expenditure on this account and the budget for the year is charged or credited to the Usable Reserves. For the purposes of the Statement of Accounts, the transactions on the revenue account are recorded in the Expenditure and Funding Analysis, the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement according to the stipulations of the Code.

Revenue Expenditure
The regular day-to-day costs of running the organisation.

Revenue Support Grant (RSG)
A grant paid by Central Government to a local authority towards the cost of its services.

RICS
The Royal Institution of Chartered Surveyors.

Glossary of Terms

Treasury Deposits
Cash surpluses invested on the London 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.

True and fair view
The standard against which the accuracy and compliance of the Statement is measured.

Underspending - See Budget.

Useful Life
The period for which an asset is expected to be available for use by the Authority.

Note - This Glossary is supplementary to the Statement of Accounts and is not subject to Audit.

DORSET & WILTSHIRE
FIRE AND RESCUE
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