



**DORSET & WILTSHIRE
FIRE AND RESCUE
AUTHORITY**

Statement of Accounts

2017/18

PASSIONATE ABOUT

CHANGING & SAVING LIVES

Certificate for the Approval of the Statement of Accounts

I confirm that these accounts were approved by the Finance and Governance Committee held on 31 July 2018.

Ben Ansell
Chief Fire Officer
31 July 2018

Narrative Report

1 Introduction

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.

Dorset & Wiltshire Fire and Rescue Authority (the Authority) was formed on 1 April 2016 following the cessation of the former Dorset Fire Authority (DFA) and Wiltshire & Swindon Fire Authority (W&SFA). It is the responsibility of the Authority to help improve the safety, health and welfare of over 1.45 million people living in the areas of Bournemouth, Dorset, Poole, Swindon and Wiltshire, an area covering some 2,500 square miles. We have:

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

With 50 fire stations covering the area, 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 room in Potterne (where 999 calls are answered), Training & Development Centres in Devizes and West Moors, Fleet Services (vehicle workshops in Charminster and Melksham) and the Occupational Health suites based in Bromham and Hamworthy.

The Service is accountable to the public via the Dorset & Wiltshire Fire and Rescue Authority, and for 2017-18 was made up of 30 elected members from the five constituent authorities of Bournemouth, Poole, Dorset, Wiltshire and Swindon. Sound governance arrangements are in place for the Authority. A comprehensive framework of assurances exists to support the Statement of Assurance and the Annual Governance Statement. The process by which these statements are developed received substantial level assurance from internal auditors last year. There are sound internal control systems in place, with good relationships between internal and external auditors. Following the Authority's decision to reduce its membership, a revised approach to governance arrangements was considered at the Finance, Governance and Audit Committee meeting and approved by the Authority at its February 2018 meeting. The Authority will change to 18 members with effect from June 2018, headed by the Chairman of the Authority, they set the direction for the Service in the best interests of the communities they serve. The Service is managed by the Strategic Leadership Team consisting of the Chief Fire Officer, a Deputy Chief Fire Officer, three Assistant Chief Fire Officers and two non-uniformed Assistant Chief Officers.

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The Authority is always looking to improve on what we do and how we do it. This helps us contribute towards making our local communities healthier and safer places to live and visit. We continue to save lives through our response to fires and other emergencies.

We know that many people who are vulnerable to the risk of having a fire in the home are also the same people that partner organisations such as the NHS, local authorities and the police are trying to help. However, we do much more than putting out fires and helping people involved in road traffic collisions and there is no doubt that we save many more lives through our prevention and education work.

As a result, we now undertake 'Safe and Well' checks that not only provide education and equipment to reduce the risk of a fire starting, but also look at how we can help to reduce other hazards such as potential slips, trips and falls in the homes of older and more vulnerable people. By working together with other agencies in a more joined up way, we can help people to lead safer, healthier and more independent lives. By doing this we can also reduce the demand for these services. This saves us all money and makes the best use of our valuable public sector resources.

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. We are passionate about changing and saving lives. To do this the Service has five key priority areas:

- ◆ Priority 1: Help you to make safer and healthier choices
- ◆ Priority 2: Protect you and the environment from harm
- ◆ Priority 3: Be there when you need us
- ◆ Priority 4: Make every penny count
- ◆ Priority 5: Supporting and developing our people

We have passionate leaders across the Service who are responsible for directing and delivering our plans for the future. They work hard with teams and individuals in the Service and with partners to make sure we do the right things at the right time to make our communities safer and healthier.

Since combination, cultural alignment has been a key risk for the Service and an opportunity. Staff are regularly consulted and engaged, and systems, practices and procedures harmonised, but we recognise more work is required, and we continue with our smarter working programme striving for better ways of working, improving on efficiency and effectiveness. We have strengthened our approach to workforce planning, and our positive action campaign '#BeOneOfUs' ahead of commencing firefighter recruitment, has proved very successful, being looked at by other organisations. We are developing our talent management process, linking into workforce planning, development pathways and leadership development, not just internally but collaboratively, so we are able to develop and grow talent in the Service to meet future needs.

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The Authority has set out its overarching strategic intentions for action in its Community Safety Plan (CSP), which runs from 2017 through to 2021. The CSP is refreshed annually to take account of the dynamic operating environment and ever-changing risk profile. We have a number of key targets to achieve over the next four years to help us to measure the progress we make against our priorities which are contained in our detailed Community Safety Plan. This is available on our website (www.dwfire.org.uk) if you would like to know more.

Overseeing this plan are our Members from the five council areas that make up the fire and rescue service area. They are selected to sit on the Authority and they are responsible for setting the budget and making sure that the Service meets its statutory responsibilities and delivers the outcomes associated with this CSP. The Service manages the implementation of the CSP via its Service Delivery Plan (SDP) and its comprehensive performance management arrangements. Performance is further monitored and scrutinised by a number of key committees: Local Performance and Scrutiny Committees (LPS), and the Finance and Governance Committee (formerly the Finance, Governance & Audit Committee).

The activities of the Service are governed by the Home Office and legislative responsibilities are set out in the Fire and Rescue Services Act 2004 and the Fire and Rescue National Framework for England.

This publication, produced by the Treasurer, contains the Statement of Accounts for the Authority for the year ended 31 March 2018. 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 2017/18 (the Code), published by CIPFA/LASAAC. 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.

The Code specifies the principles and practices of accounting required to give a true and fair view of the financial position and transactions of the Authority. It sets out the proper accounting practices required by Section 21(2) of the Local Government Act 2003.

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.

3 Explanation of the Statements

The Statement of Accounts comprises the following elements -

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◆ 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 a number of non-financial performance indicators.

◆ 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 2018 and of its income and expenditure for the year.

◆ Independent Auditor's Report

The Statement of Accounts is audited by KPMG 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, 2017-18, along with comparative information for the previous year.

◆ 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.

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Comprehensive Income & Expenditure Statement	2016/17 £	2017/18 £
Cost of Services	56,154,141	61,081,488
Other Operating Expenditure	-8,722,274	-7,691,045
Financing & Investment Income & Expenditure	17,820,338	16,159,452
Taxation & Non-specific Grant Income	-54,915,094	-54,453,782
(Surplus)/Deficit on Provision of Services (in CIES)	10,337,111	15,096,113
Other Comprehensive Income & Expenditure	68,517,960	-15,731,750
Total Comprehensive Income & Expenditure	78,855,071	-635,637

◆ 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 details about all reserves, and restrictions on their use, are 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		31 March 2017	31 March 2018
	See Note	£	£
<u>Usable reserves</u>			
General Fund	14	-27,601,689	-22,297,836
Capital Receipts	14	0	-1,102,843
Total usable reserves		-27,601,689	-23,400,679
<u>Unusable reserves</u>			
Pensions Reserve	26c & 15c	563,457,000	563,492,000
Reserves for accounting purposes	15a, b, d, e	-3,251,687	-8,123,334
Total unusable reserves		560,205,313	555,368,666

◆ 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 2017	31 March 2018
		£	£
Long term assets		41,864,068	45,227,033
Current assets less current liabilities		13,848,431	9,511,977
Pensions Liability		-563,457,000	-563,492,000
Other long term liabilities		-24,859,123	-23,214,997
Net (liability)/assets		-532,603,624	-531,967,987
Net worth (Total Reserves)		532,603,624	531,967,987
Net worth excluding Pensions Reserve		-30,853,376	-31,524,013

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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	2016/17 £	2017/18 £
Net cash flows arising from -		
Operating activities (transactions on Revenue Account, Grants and Council Tax)	-4,880,220	-4,335,971
Investing activities (purchase and sale of fixed assets and investments)	10,323,437	1,234,115
Financing activities (repayment of long-term borrowing)	1,312,746	1,961,346
Net (increase)/decrease in cash and cash equivalents	6,755,963	-1,140,510

◆ Notes to the Financial Statements

The four financial statements are followed by comprehensive notes, whose purposes are to give more details about items shown on the face of the financial statements, to present information required under regulations or by the Code which is not presented elsewhere and to 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 2016-17 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 Comprehensive Income and Expenditure Statement (CIES).

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Expenditure and Funding Analysis Note	2016/17		
	Net Expenditure General Fund	Adjustments	Net Expenditure in the CIES
	£	£	£
Net Cost of Services	51,364,008	4,790,133	56,154,141
Other Income and Expenditure	-54,815,700	8,998,670	-45,817,030
Surplus or Deficit	-3,451,692	13,788,803	10,337,111
Opening General Fund Balance at 1 April	-23,829,037		
Less (+) or plus (-) Surplus or Deficit on the General Fund in the year	-3,451,692		
Less (+) or plus (-) Transfers to Reserves made in the year	-320,960		
Closing General Fund Balance at 31 March	-27,601,689		

Expenditure and Funding Analysis Note	2017/18		
	Net Expenditure General Fund	Adjustments	Net Expenditure in the CIES
	£	£	£
Net Cost of Services	51,924,099	9,157,389	61,081,488
Other Income and Expenditure	-53,486,000	7,500,625	-45,985,375
Surplus or Deficit	-1,561,901	16,658,014	15,096,113
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		

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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' Pensions Fund Account	2016/17 £	2017/18 £
Income - Contributions from firefighters and the Authority	-5,700,908	-6,166,299
Expenditure - Pensions, commutations and transfers paid to other schemes	15,202,476	13,745,764
Net cost of pensions met by Government Grant	9,501,568	7,579,465

◆ Glossary of Terms

The glossary is provided to aid the reader to an understanding of complex terms which have been used throughout the Statement of Accounts. However, its inclusion is not a requirement of the Code and it is not covered by the statutory requirements for an audit opinion or certification by the Treasurer.

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 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 Comprehensive Income and Expenditure Statement, but does not match the format of that Statement as required by the Code. A reconciliation is shown in the Expenditure and Funding Analysis. The difference between the outturn and the budget is transferred to or from the General Reserve.

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 2017/18.

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2016/17	Original Budget £	Approved Budget £	Outturn £	Variation £
Employees	42,384,700	42,642,100	39,845,605	-2,796,495
Premises	2,985,700	2,985,600	2,915,415	-70,185
Transport	1,695,400	1,626,000	1,382,630	-243,370
Supplies and Services	4,974,900	4,637,500	4,578,402	-59,098
Agency and Contracted Out Services	2,210,200	2,415,200	2,493,311	78,111
Democratic Representation	141,400	141,400	131,267	-10,133
Capital Financing and Leasing	3,120,400	4,038,400	3,979,167	-59,233
Income	-2,435,600	-3,638,500	-4,282,749	-644,249
Transfers to (+) or from (-) Reserves	-261,400	-32,000	320,960	352,960
Net expenditure	54,815,700	54,815,700	51,364,008	-3,451,692

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

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Main reasons for variations in 2017/18	Variation from Budget	
	£	£
<u>Employees</u>		
Net savings on pay costs through active workforce management and fewer transition posts	-991,000	
Saving on uniformed staff pay award	-218,000	
Release of provision relating to Part-Time Workers legal case	-80,000	
Net under-spending on other employee costs, including training, occupational health and apprenticeship levy	-296,000	
		-1,585,000
<u>Running expenses</u>		
Additional property repairs and maintenance costs	19,000	
Reduced costs for fuel and staff travel	-94,000	
Additional costs for tyres and vehicle repair and maintenance	78,000	
Additional spend on equipment purchase, repair and maintenance	71,000	
Savings on support contracts, consultancy and agency work	-29,000	
Saving on Fire & Rescue Authority running costs	-15,000	
Reduced costs for capital financing	-40,000	
		-10,000
<u>Income and transfers to or from reserves</u>		
Additional grants and contributions received	-629,000	
Reduction in investment income	22,000	
Variations in transfers to and from earmarked reserves	640,000	
		33,000
		-1,562,000

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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	2016/17 £	2017/18 £
Enhancements to existing buildings		947,518	552,308
Safety Centre and Strategic Hub		85,988	0
National Fire Control Services Partnership ICT systems		126,278	127,958
Other ICT systems and communications equipment		363,512	1,083,809
Firefighters helmets, PPE & other equipment		170,936	270,502
Vehicles		1,214,128	3,720,595
Property, plant and equipment	5	2,908,360	5,755,172
Software licences (intangible assets)	6	10,068	239,744
Total capital expenditure	22	2,918,428	5,994,916

6 Material or unusual charges or credits

The Cost of Services includes a total of £3,618,418 for depreciation and amortisation charges. There were also unrealised gains of £1,287,705 which were credited to the Revaluation Reserve and revaluation losses of £1,400,719 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 Movement in Reserves Statement.

During the year the Authority disposed of the Manor House, part of the headquarters site of the former Wiltshire Fire and Rescue Service. The site was sold for £1.255m, resulting in a gain on disposal of £256,627, after the costs of sale are taken into account.

The other material items included in the Comprehensive Income and Expenditure Statement are those concerned with the notional entries that are required for pensions. These are set out and explained in Note 26. All the pensions entries that contribute to the Surplus or Deficit on the Provision of Services are reversed in the Movement in Reserves Statement. The cost in the year of employers' contributions to the

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various pension schemes and payments to pensioners not covered by the Government Grant is then added back (£6,400,489).

Material items of expenditure shown in the Movement in Reserves Statement 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 £1,414,281 and the Authority also set aside £924,116 for repayments of liabilities related to a finance lease and the Private Finance Initiative. £5,842,759 of capital expenditure was financed from the revenue account.

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 £563,492,000 at 31 March 2018, an increase of £35,000 since the start of the year. All 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 IAS 19 and other relevant accounting provisions.

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, 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.

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 Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement is also charged, in the section for "Financing income and expenditure", with net interest on the defined benefit liability. The cost in 2017/18 was £15,035,000. This charge is taken out of the General Fund in the Movement in Reserves Statement.

The Comprehensive Income and Expenditure Statement 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.

The Authority has appointed Barnett Waddingham, a firm of independent actuaries, to estimate the value of the liability in relation to the Firefighters' Schemes each year based on membership data, demographic and statistical assumptions and the Code, which uses International Accounting Standard (IAS) 19 "Employee Benefits". Dorset County Council and Wiltshire Council, as the administering authorities, also appoint actuaries to value the Dorset County Pension Fund and the Wiltshire Council Pension Fund. They have appointed

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Barnett Waddingham and Hymans Robertson LLP respectively for this purpose.

8 Borrowing and other sources of funds

The Balance Sheet as at 31 March 2018 shows that outstanding debt stands at £10,757,706, of which £782,344 is repayable within a year. £1,191,657 was repaid in 2017/18. Additionally, a finance lease has £109,844 to be repaid over the next financial year. £106,049 was repaid in 2017/18.

Note 22 to the Financial Statements shows that capital spending in 2017/18 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 terms funds during 2017/18.

The Authority annually approves a 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 Comprehensive Income and Expenditure Statement 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, but any that exist are described in Note 27. There were no contingent assets or liabilities to be recognised at 31 March 2018.

The Balance Sheet at 31 March 2018 contains two provisions totalling £638,045. These are set out in Note 13.

In 2013/14, it became necessary to make a provision for £459,373 in respect of ill health pensions wrongly claimed from the Government. This sum was reclaimed during 2017.

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 £470,261 at 31 March 2018.

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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 £167,784 at 31 March 2018.

The Provision for Part Time Workers (Compensation Payments) was originally set up in 2009/10 after legal cases established that part time firefighters should not be treated less favourably than their whole time colleagues. This provision is no longer required and the balance of £80,984 has been released back to the revenue account.

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.

Bad Debt Provisions	31 March 2017	31 March 2018
	£	£
Council Tax	-1,019,218	-1,070,374
Non-Domestic Rates	-73,388	-81,904
Total	-1,092,606	-1,152,278

10 Material events after the reporting date

Post balance sheet events occur between the balance sheet date (31 March 2018) 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

As part of the final local government finance settlement for 2017/18, the former Secretary of State for the Department of Communities and Local Government (DCLG) confirmed a four-year settlement offer to local authorities, covering the period to 2019/20.

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The detail of the 2017/18 financial settlement for fire authorities, comparing 2019/20 to 2015/16, showed proposals giving an average reduction in funding across all fire authorities (excluding London) of 19.6%. For combined Fire Authorities, such as the Dorset & Wiltshire Fire and Rescue Authority, the average reduction was 21.9%, with Dorset & Wiltshire's actual reduction being 26.8%, the fourth worst settlement of all combined Fire Authorities. This reduction includes a 61.8% reduction in revenue support grant funding, as overall funding moves further towards full funding from local business rates.

The finance settlement for 2018/19, issued on 7 February 2018, confirmed that funding levels would reduce by 5.9%, which was in line with expectations. The Authority took advantage of the flexibility given in the finance settlement to increase Council Tax up to the referendum limit of 3%.

As no new capital grants from Government have been announced, this Authority is currently planning to fund the 2018/19 and later years' capital plan through a combination of direct revenue funding, reserves or capital receipts. The Authority has an outline five year Medium Term Financial Plan (MTFP) updated with the Budget approved at the Authority meeting in February 2018. The MTFP was developed in conjunction with the proposals contained within the Community Safety Plan so as to ensure that future plans are funded and sustainable.

Financial sustainability is a key risk and focus area for us. The Authority has continued to make changes to the way that frontline and back office 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.

Against this backdrop, the Authority has established a balanced budget for 2018/19 totalling £54.526m. Our Medium Term Financial Plan, revised when setting the 2018/19 Budget, shows funding gaps of £0.340m for 2019/20, £1.452m for 2020/21, £2.090m for 2021/22 and £2.640m for 2022/23. In the short term, reserve levels are healthy and sufficient funds are set aside in Earmarked Reserves to progress the planned investment in station improvements, vehicle and equipment assets and to help mitigate other one-off future costs, risk and funding gaps, but they signal a need for further savings and efficiencies to be made to deliver a sustainable base budget moving forwards.

By 2017/18 the Authority planned to deliver £4.8m of base revenue budget savings, and has achieved savings of 97% against the plan. Over the next four years the Authority has the challenge to make approximately £2.6m of further savings, which need to be both sustainable and deliverable, so that our high quality and effective service can continue to be delivered.

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

Narrative Report

12 Performance 2017/18

Performance arrangements for the service for 2017/18 are centred on the delivery of the strategic priorities defined within the Community Safety Plan 2017/2021. Under these arrangements our Local Performance and Scrutiny (LPS) Committees, made up of elected Members, consider and scrutinise performance against our first three Priorities.

Priority 1: Help you to make safer and healthier choices

Priority 2: Protect you and the environment from harm

Priority 3: Be there when you need us

Local Performance and Scrutiny Committees 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 Priority 4: Making every penny count and Priority 5: Supporting and developing our people, 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.

Our priorities are 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 review of service performance can be found on our website (dwfire.org.uk).

During 2017/18 the Service has:

- ◆ delivered safety education talks to over 31,500 children, young people and army personnel, in collaboration with key partners who jointly fund, support, coordinate, promote and deliver various schemes, such as Safe Drive Stay Alive and other initiatives, e.g. 'The Honest Truth' scheme; ad hoc education using a crashed car, driving simulation, extrication demonstrations and school talks
- ◆ delivered 19 youth intervention programme courses, e.g. Salamander, SPARC, SPARC plus and Fire Cadets, which help to deliver positive outcomes for the young people and adults who attend them
- ◆ undertaken over 11,900 Safe and Well Checks, supporting vulnerable people to improve their overall health and wellbeing
- ◆ undertaken 1,230 fire safety audits, served 8 enforcement notices and 16 prohibition notices
- ◆ contributed to 1,498 Buildings Regulations consultations

Narrative Report

A summary of key performance indicators is shown in the following tables:

Key performance indicators	2017/18 No.
Total number of fires	3,308
Number of fires in domestic properties	362
Number of accidental dwelling fires	787
Number of deliberate fires (primary and secondary)	971
Number of confirmed fire related deaths	5
Number of fire related injuries	64
Number of fire related injuries in accidental dwelling fires	39
Attended false alarms from automatic detection equipment - non-domestic properties	2,028
Number of people seriously injured or killed in road traffic collisions (April to January only)	555
Number of Safe and Well visits	11,905

The total number of fires attended by the Authority has increased. The Authority attended 3,308 fire in 2017/18, which was slightly higher than the previous year (3,250).

Trends show that accidental dwelling fires are reducing and cooking remains the single main source of fire in the home. Additional publicity has been issued and remains the focus area for our Safe and Well visits.

Reducing deliberate fires has been challenging, and although analysis suggests that there are no specific causes, reducing them remains a priority, working with the Police and other partners.

Sadly, during the year, there have been ten deaths in fire related incidents, of which, HM Coroner has so far determined that five were because of fire. Fatal fire case conferences are carried out to ensure that we learn from each incident, with the outcome of the reviews influencing support work with partners and sharing fire safety and prevention messages more widely.

The Service is called to far more road traffic collisions (RTCs) than fires, many of which result in injury or loss of life. Prevention work to reduce the number of collisions and casualties is therefore a priority for us. Nationally in 2013, there were over 1,700 deaths and more than 180,000 casualties caused in RTCs.

Narrative Report

Appliances meeting the response standard	Quarter 1 %	Quarter 2 %	Quarter 3 %	Quarter 4 %
Sleeping risk properties - first appliance	73.40%	73.40%	70.30%	67.60%
Sleeping risk properties - second appliance	65.90%	66.90%	61.70%	66.40%
Incidents to other properties - first appliance	74.20%	56.30%	68.20%	74.10%
Incidents to other properties - second appliance	68.90%	60.30%	60.80%	65.00%
Road traffic collisions - first appliance	86.10%	81.00%	80.80%	69.40%

In general terms, availability in Swindon, Bournemouth and Poole, due to the prevalence of wholtime crewed (immediately available) appliances, remains high, and hence response standards in these areas are commensurately high. However, in predominantly rural, and hence 'on-call' areas of Dorset and Wiltshire, availability and response standards are more challenging. Performance for the year at the corporate level is 71.2%. If those incidents that occur outside the areas where we can realistically achieve the ten minute response standard are excluded, our performance would be 84%. The Service has a comprehensive action plan in place to improve the situation, supported by an integrated approach to risk reduction.

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).

Phil Chow
Treasurer

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 2017/18 (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.

There are a number of new standards being introduced in the 2017/18 Code but they will not come into effect until April 2018. These changes relate to available for sale financial instruments and revenue contracts. Changes to accounting arrangements for leases are expected to be made from April 2019.

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 2018 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 an 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, fair value is 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.

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

Statement of Significant Accounting Policies

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.

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.

Statement of Significant Accounting Policies

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.

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. Interest costs and receipts are reported in the Comprehensive Income and Expenditure Statement in the period to which they relate.

The Authority invests its surplus cash balances in the short term money market, which may fall within the definition of 'cash equivalents' as described above. 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. Current financial assets also include trade receivables (debtors). All financial

Statement of Significant Accounting Policies

assets are initially measured at fair value and carried at amortised cost, but in the case of financial assets held by the Authority, amortised cost means the outstanding principal, plus interest accrued at the balance sheet date.

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. The Authority has borrowed solely from the Public Works Loan Board (PWLB). As they do not have significant transaction costs or complicated interest structures, all PWLB 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.

Financial liabilities also include trade payables (creditors), finance leases and liabilities under the Private Finance Initiative.

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.

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.

Statement of Significant Accounting Policies

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 an integral 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.

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.

Statement of Significant Accounting Policies

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.

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 fair 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 existing use value.

Statement of Significant Accounting Policies

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 Recognition

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. 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.

If different parts of an asset have significantly different estimated lives, the separate components will be treated as if they were individual assets.

b Valuation

Property, plant and equipment are shown in the Balance Sheet at fair value - the amount that would be paid for the asset in existing use. Where there is no market-based evidence of fair value because of the specialised nature of the asset and it is rarely sold, such as drill towers, the fair 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.

Statement of Significant Accounting Policies

Property values are updated based on the results of annual revaluations of a representative sample of properties by type (nine stations and three other properties in 2017/18). Every property will be valued once within a five year period. 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.

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 fair 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.

Statement of Significant Accounting Policies

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.

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 and 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.

Statement of Significant Accounting Policies

24 Pensions

The Firefighters' Pension Schemes 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 Wiltshire Pension Fund administered by Wiltshire Council, or the Dorset Pension Fund administered by Dorset County Council. These Funds are Local Government Pension Schemes and their accounts are published by the administering authorities. 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.

The Authority pays a firm of independent actuaries to value the pension liabilities in the firefighters' schemes and to provide all relevant pension disclosures included in the Statement of Accounts. The administering authorities engage actuaries to provide disclosures relevant to the Authority's participation in the Local Government Pension Scheme.

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.

Statement of Significant Accounting Policies

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.

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/LASAAC 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
- ◆ assessed the Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern
- ◆ used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future
- ◆ maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 2018.

A handwritten signature in black ink, appearing to read 'Phil Chow', written in a cursive style.

Phil Chow
Treasurer
31 July 2018

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dorset & Wiltshire Fire and Rescue Authority ('the Authority') for the year ended 31 March 2018 which comprise the Authority Expenditure and Funding Analysis, the Authority Comprehensive Income and Expenditure Statement, the Authority Balance Sheet, the Authority Movement in Reserves Statement, the Authority Cash Flow Statement and the related notes, including the Accounting Policies.

In our opinion the financial statements:

- ◆ give a true and fair view of the financial position of the Authority as at 31 March 2018 and of the Authority'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 2017/18.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information in the Statement of Accounts

The Treasurer is responsible for the other information published in the Statement of Accounts, including the Narrative Statement and Annual Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. In our opinion the other information included in the Statement of Accounts for the financial year is consistent with the financial statements.

Treasurer's responsibilities

As explained more fully in the statement set out on page 33, the Treasurer is responsible for: the preparation of the Authority's Statement of Accounts (which includes the financial statements) in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org/auditorsresponsibilities.

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 for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

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 2018.

Statutory reporting matters

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.

The purpose of our audit work and to whom we owe our responsibilities

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.

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.

Rees Batley

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

31 July 2018

Expenditure and Funding Analysis 2017/18

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).

2016/17				2017/18		
Net Expenditure General Fund*	Adjustments (see below)	Net Expenditure in the CIES		Net Expenditure General Fund*	Adjustments (see below)	Net Expenditure in the CIES
£	£	£	* General Fund includes Earmarked Reserves	£	£	£
39,845,605	4,949,660	44,795,265	Employees	41,437,519	6,934,239	48,371,758
2,915,415	317	2,915,732	Premises	3,163,606	0	3,163,606
1,382,630	33,830	1,416,460	Transport	1,546,591	24,823	1,571,414
4,578,402	-359,653	4,218,749	Supplies and Services	5,728,258	-319,948	5,408,310
2,493,311	-880,054	1,613,257	Agency and Contracted Out Services	2,700,131	-745,626	1,954,505
131,267	0	131,267	Democratic Representation	125,878	0	125,878
3,979,167	666,056	4,645,223	Capital Financing and Leasing	8,802,394	-4,881,170	3,921,224
-4,282,749	700,937	-3,581,812	Income	-4,714,524	1,279,317	-3,435,207
320,960	-320,960	0	Transfers to (+) or from (-) Reserves	-6,865,754	6,865,754	0
51,364,008	4,790,133	56,154,141	Net Cost of Services	51,924,099	9,157,389	61,081,488
-54,815,700	8,998,670	-45,817,030	Other Income and Expenditure	-53,486,000	7,500,625	-45,985,375
-3,451,692	13,788,803	10,337,111	(Surplus) or Deficit	-1,561,901	16,658,014	15,096,113
-23,829,037			Opening General Fund* Balance at 1 April	-27,601,689		
-3,451,692			Less (+) or plus (-) Surplus or Deficit on the General Fund in the year	-1,561,901		
-320,960			Less (+) or plus (-) Transfers to Reserves made in the year	6,865,754		
-27,601,689			Closing General Fund* Balance at 31 March	-22,297,836		

Expenditure and Funding Analysis 2017/18

Adjustments between the funding and accounting basis

2016/17 (Prior year)				
	Capital Adjustments £	Pensions Adjustments £	Other Adjustments £	Total Adjustments £
Employees	0	5,148,017	-198,357	4,949,660
Premises	0	0	317	317
Transport	0	0	33,830	33,830
Supplies and Services	0	0	-359,653	-359,653
Agency and Contracted Out Services	0	0	-880,054	-880,054
Democratic Representation	0	0	0	0
Capital Financing and Leasing	666,056	0	0	666,056
Income	13,880	0	687,057	700,937
Transfers to (+) or from (-) Reserves	0	0	-320,960	-320,960
Net Cost of Services	679,936	5,148,017	-1,037,820	4,790,133
Other Income and Expenditure from the Funding Analysis	938,511	7,124,432	935,727	8,998,670
Difference between the surplus or deficit on the General Fund and the surplus or deficit on the CIES	1,618,447	12,272,449	-102,093	13,788,803

Expenditure and Funding Analysis 2017/18

2017/18 (Current year)				
	Capital Adjustments £	Pensions Adjustments £	Other Adjustments £	Total Adjustments £
Employees	0	7,023,511	-89,272	6,934,239
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	7,023,511	7,038,622	9,157,389
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	14,479,046	6,595,987	16,658,014

Expenditure and Funding Analysis 2017/18

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 & 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 & Expenditure Statement.

Comprehensive Income and Expenditure Statement 2017/18

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.

2016/17				2017/18		
Gross Expenditure £	Gross Income £	Net Expenditure £		Gross Expenditure £	Gross Income £	Net Expenditure £
44,795,265		44,795,265	Employees	48,371,758		48,371,758
2,915,732		2,915,732	Premises	3,163,606		3,163,606
1,416,460		1,416,460	Transport	1,571,414		1,571,414
4,218,749		4,218,749	Supplies and Services	5,408,310		5,408,310
1,613,257		1,613,257	Agency and Contracted Out Services	1,954,505		1,954,505
131,267		131,267	Democratic Representation	125,878		125,878
4,645,223		4,645,223	Capital Financing and Leasing	3,921,224		3,921,224
	-3,581,812	-3,581,812	Income		-3,435,207	-3,435,207
59,735,953	-3,581,812	56,154,141	Cost of Services	64,516,695	-3,435,207	61,081,488
			Other Operating Expenditure			
409,180		409,180	(Gains)/Losses on Disposal of Non-Current Assets		-111,580	-111,580
	-9,501,568	-9,501,568	Pensions Top-up Grant		-7,579,465	-7,579,465
370,114		370,114	Expenditure & Income related to the Combination			0
779,294	-9,501,568	-8,722,274	Total	0	-7,691,045	-7,691,045

Comprehensive Income and Expenditure Statement 2017/18

2016/17				2017/18	
Gross Expenditure £	Gross Income £	Net Expenditure £		Gross Expenditure £	Net Expenditure £
			Financing & Investment Income & Expenditure		
		1,259,418	Interest payable & similar charges		1,182,951
		16,626,000	Net interest on the Defined Benefit Liability		15,035,000
		-65,080	Interest Income		-58,499
		17,820,338	Total		16,159,452
			Taxation & Non-specific Grant Income		
		-36,882,997	Council Tax Income		-38,130,662
		-4,870,889	Non-Domestic Rates Income		-4,780,318
		-4,557,838	Non-Domestic Rates Top Up Grant		-5,015,887
		-8,068,915	Revenue Support Grant		-5,704,372
		-534,455	Other non-ringfenced Government Grants		-822,543
		-54,915,094	Total		-54,453,782
		10,337,111	(Surplus)/Deficit on Provision of Services		15,096,113
			Other Comprehensive Income & Expenditure		
		69,990,551	Actuarial (Gains)/Losses on Pensions Assets & Liabilities		-14,444,046
		-1,472,591	(Surplus)/Deficit on Revaluation of Non-Current Assets		-1,287,704
		68,517,960	Total		-15,731,750
		78,855,071	Total Comprehensive Income & Expenditure		-635,637

Movement in Reserves Statement 2017/18

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.

2016/17 (previous year)	General Fund*	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves	See Notes
	£	£	£	£	£	£	
Balance at 1 April 2016	-23,829,037	-1,838,759	-179,496	-25,847,292	479,595,844	453,748,552	
Movement in reserves during 2016/17							
Deficit on provision of services	10,337,111			10,337,111		10,337,111	
<u>Other Comprehensive Income and Expenditure</u>							
Movement in Pensions Reserve					69,990,551	69,990,551	26
Movement in Revaluation Reserve					-1,472,591	-1,472,591	15a
Total Comprehensive Income and Expenditure	10,337,111	0	0	10,337,111	68,517,960	78,855,071	
Adjustments between accounting basis and funding basis under regulations							
<u>Reversal of items in the CIES</u>							
Depreciation and amortisation	-3,269,369			-3,269,369	3,269,369	0	5/6
Revaluation losses and reversal of previous losses	-1,134,645			-1,134,645	1,134,645	0	5/6
Net gain or loss on sale of non-current assets	-438,960			-438,960	438,960	0	
Retirement benefits under IAS19	-27,821,000			-27,821,000	27,821,000	0	26
Pensions Top-up Grant	9,501,568			9,501,568	-9,501,568	0	26
Council Tax & NNDR income adjustment	-301,653			-301,653	301,653	0	15d
Employee benefits accrual adjustment	82,786			82,786	-82,786	0	15e

Movement in Reserves Statement 2017/18

2016/17 (previous year)	General Fund*	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves	See Notes
	£	£	£	£	£	£	
<u>Insertion of items not in the CIES</u>							
Minimum Revenue Provision	1,423,374			1,423,374	-1,423,374	0	22
Revenue Provision for finance leases	102,252			102,252	-102,252	0	22
Revenue Provision for Private Finance Initiative	798,728			798,728	-798,728	0	22
Employers' contributions to pension schemes and payments to pensioners	6,046,983			6,046,983	-6,046,983	0	26
Capital expenditure charged to revenue	884,273			884,273	-884,273	0	22
<u>Transfers</u>							
Transfers to/from Capital Receipts Reserve	15,900	1,838,759		1,854,659	-1,854,659	0	14
Transfers to/from Capital Grants Unapplied			179,496	179,496	-179,496	0	14
Other adjustments							
Rounding					1	1	
Increase or Decrease in the year	-3,772,652	1,838,759	179,496	-1,754,397	80,609,469	78,855,072	
Balance at 31 March 2017	-27,601,689	0	0	-27,601,689	560,205,313	532,603,624	

Movement in Reserves Statement 2017/18

Summary of Movements 2016/17 (previous year)	General Fund*	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	£	£	£	£	£	£
Balance at 1 April 2016	-23,829,037	-1,838,759	-179,496	-25,847,292	479,595,844	453,748,552
Movement in reserves during 2016/17						
Total Comprehensive Income and Expenditure	10,337,111	0	0	10,337,111	68,517,960	78,855,071
Adjustments between accounting basis and funding basis under regulations (see above)	-14,109,763	1,838,759	179,496	-12,091,508	12,091,509	1
Increase or Decrease in 2016/17	-3,772,652	1,838,759	179,496	-1,754,397	80,609,469	78,855,072
Balance at 31 March 2017 carried forward	-27,601,689	0	0	-27,601,689	560,205,313	532,603,624

* General Fund includes Earmarked Reserves

Movement in Reserves Statement 2017/18

2017/18 (Current year)	General Fund*	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves	See Notes
	£	£	£	£	£	£	
Balance at 1 April 2017	-27,601,689	0	0	-27,601,689	560,205,313	532,603,624	
Movement in reserves during 2017/18							
Deficit on provision of services	15,096,113			15,096,113		15,096,113	
<u>Other Comprehensive Income and Expenditure</u>							
Movement in Pensions Reserve					-14,444,046	-14,444,046	26b
(Surplus)/Deficit on Revaluation of Non-Current Assets					-1,287,704	-1,287,704	15a
Total Comprehensive Income and Expenditure	15,096,113	0	0	15,096,113	-15,731,750	-635,637	
Adjustments between accounting basis and funding basis under regulations							
<u>Reversal of items in the CIES</u>							
Depreciation and amortisation	-3,618,418			-3,618,418	3,618,418	0	5/6
Revaluation losses and reversal of previous losses	-1,400,719			-1,400,719	1,400,719	0	5/6
Net gain or loss on sale of non-current assets	111,580			111,580	-111,580	0	
Retirement benefits under IAS19	-28,459,000			-28,459,000	28,459,000	0	}
Pensions Top-up Grant	7,579,465			7,579,465	-7,579,465	0	} 26b
Council Tax & NNDR income adjustment	127,153			127,153	-127,153	0	15d
Employee benefits accrual adjustment	31,034			31,034	-31,034	0	15e

Movement in Reserves Statement 2017/18

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

Movement in Reserves Statement 2017/18

Summary of Movements 2017/18 (Current year)	General Fund*	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	£	£	£	£	£	£
Balance at 1 April 2017	-27,601,689	0	0	-27,601,689	560,205,313	532,603,624
Movement in reserves during 2017/18						
Total Comprehensive Income and Expenditure	15,096,113	0	0	15,096,113	-15,731,750	-635,637
Adjustments between accounting basis and funding basis under regulations (see above)	-9,792,260	-1,102,843	0	-10,895,103	10,895,103	0
Increase or Decrease in 2017/18	5,303,853	-1,102,843	0	4,201,010	-4,836,647	-635,637
Balance at 31 March 2018 carried forward	-22,297,836	-1,102,843	0	-23,400,679	555,368,666	531,967,987

* 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'.

Phil Chow

Treasurer
31 July 2018



31 March 2017			31 March 2018		See Notes
£	£		£	£	
	28,973,737	Property, Plant & Equipment			5
	11,804,346	Land & Buildings		30,051,795	
	85,987	Vehicles, Plant & Equipment		14,174,229	
		Assets Under Construction		0	
	40,864,070			44,226,024	6
	303,740	Intangible Assets		395,303	
	696,258	Long Term Debtors		605,706	9
	41,864,068	Long Term Assets		45,227,033	
258,004		Inventories	226,959		8
8,175,384		Short Term Debtors	10,188,771		9
7,000,000		Short Term Investments	3,000,000		7
5,556,690		Cash & Cash Equivalents	6,697,200		10
924,024		Assets Held for Sale	0		11
	21,914,102	Current Assets		20,112,930	

Balance Sheet

31 March 2017			31 March 2018		See Notes
£	£		£	£	
-1,191,657		Short Term Borrowing	-782,344		7
-5,711,564		Short Term Creditors	-9,070,718		12
-1,056,401		Provisions	-638,045		13
-106,049		Finance Lease Liabilities	-109,846		7/24
	-8,065,671	Current Liabilities		-10,600,953	
-14,013,121		Long Term Creditors	-13,239,635		12
-10,757,707		Long Term Borrowing	-9,975,362		7
-88,295		Revenue Grants Received in Advance	0		
-563,457,000		Net Pensions Liability	-563,492,000		26c
	-588,316,123	Long Term Liabilities		-586,706,997	
	-532,603,624	Net Assets		-531,967,987	
-10,124,437		General Fund	-6,686,338		14
-17,477,252		Earmarked General Fund Reserves	-15,611,498		14
0		Capital Receipts Reserve	-1,102,843		14
	-27,601,689	Usable Reserves		-23,400,679	
-1,472,591		Revaluation Reserve	-1,985,295		15a
-1,311,157		Capital Adjustment Account	-5,511,914		15b
563,457,000		Pensions Reserve	563,492,000		15c
-642,859		Collection Fund Adjustment Account	-770,011		15d
174,920		Short Term Accumulating Compensated Absences Account	143,886		15e
	560,205,313	Unusable Reserves		555,368,666	
	532,603,624	Total Reserves		531,967,987	

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.

2016/17			2017/18		See Notes
£	£		£	£	
	10,337,111	Net (surplus)/deficit on the provision of services		15,096,113	
		Adjust net (surplus)/deficit on the provision of services for non-cash movements			
-3,269,369		Depreciation and amortisation	-3,618,418		
-1,134,645		Change in valuations of fixed assets	-169,293		
-210,204		(Increase)/decrease in creditors	-2,501,948		
2,267,415		Increase/(decrease) in debtors	302,834		
-65,288		Increase/(decrease) in inventories	-31,042		
-15,171		(Increase)/decrease in provisions	476,990		
-12,272,449		(Increase)/decrease in pension liability	-14,479,046		
-547,400		Other non-cash items charged to the net surplus or deficit on the provision of services	536,063		
	-15,247,111	Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities		-19,483,860	
	29,780	Proceeds from the sale of property, plant and equipment		51,776	
	-4,880,220	Net cash flows from operating activities		-4,335,971	16

Cash Flow Statement

2016/17			2017/18		See Notes
£	£		£	£	
		Investing activities			
3,353,217		Purchase of property, plant, equipment and intangibles	6,540,891		
17,500,000		Purchase of short term investments	16,500,000		
-29,780		Proceeds from sale of property, plant and equipment	-1,306,776		
-10,500,000		Proceeds from short term investments	-20,500,000		
	10,323,437	Net cash flows from investing activities		1,234,115	
		Financing activities			
		Cash payments for the reduction of outstanding liabilities			
102,252		- Finance lease	106,049		
688,302		- Private Finance Initiative	663,639		
522,192		Repayments of long term borrowing	1,191,658		
	1,312,746	Net cash flows from financing activities		1,961,346	
	6,755,963	Net (increase)/decrease in cash and cash equivalents		-1,140,510	
	12,312,653	Cash and cash equivalents at the beginning of the year		5,556,690	
	5,556,690	Cash and cash equivalents at the end of the year		6,697,200	10

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 2017/18 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 & 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.

Notes to the Financial Statements

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

The Statement of Accounts contain 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 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are set out below. The list does not include items which are carried at fair value based on recently observed market prices, such as land and buildings, for which the Authority relies on independent advice from professional valuers.

- ◆ 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.
- ◆ 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 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 assumed to remain at a constant 2.5% throughout the period of the contract.

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 £3,618,418 for depreciation and amortisation charges (£3,269,369 in 2016/17). There were also unrealised gains of £1,287,705, credited to the Revaluation Reserve (£1,472,591 in 2016/17), and revaluation losses of £1,400,719 (£1,134,645 in 2016/17). 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.

Notes to the Financial Statements

During the year the Authority disposed of the Manor House, part of the headquarters site of the former Wiltshire Fire and Rescue Service. The site was sold for £1.255m, resulting in a gain on disposal of £256,627, after the costs of sale are taken into account.

During 2017/18 the Authority received £1,626,975 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 £2,398,476. 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 2018) 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 31 July 2018.

Notes to the Financial Statements

5 Property, plant and equipment

A Movements on balances

2016/17 (Prior year)	Land & Buildings £	Vehicles £	Plant & Equipment £	Assets under Constuction £	Total £
<u>Cost or valuation</u>					
At 1 April 2016 (Net book value)	29,224,681	9,268,741	3,430,013	0	41,923,435
Additions in year	1,057,944	1,214,128	660,725	85,987	3,018,784
Revaluations	-106,078	0	0	0	-106,078
Derecognition due to disposals	0	-53,201	-341,104	0	-394,305
Reclassifications to Assets Held for Sale	-480,000	0	0	0	-480,000
Reclassifications from Intangible Assets	0	0	1,886	0	1,886
Write out depreciation on revaluation	-722,810	0	0	0	-722,810
Cost or valuation at 31 March 2017	28,973,737	10,429,668	3,751,520	85,987	43,240,912

Notes to the Financial Statements

2016/17 (Prior year)	Land & Buildings £	Vehicles £	Plant & Equipment £	Assets under Constuction £	Total £
<u>Depreciation</u>					
At 1 April 2016	0	0	0	0	0
Additions in year	-722,810	-1,343,855	-1,032,987	0	-3,099,652
Write out depreciation on revaluation	722,810	0	0	0	722,810
Depreciation at 31 March 2017	0	-1,343,855	-1,032,987	0	-2,376,842
Net Book Value at 31 March 2017	28,973,737	9,085,813	2,718,533	85,987	40,864,070
<u>Nature of asset holding at 31 March 2017</u>					
Owned	22,753,311	8,856,595	2,718,533	85,987	34,414,426
Private Finance Initiative	6,220,426	0	0	0	6,220,426
Finance Lease	0	229,218	0	0	229,218
Net Book Value at 31 March 2017	28,973,737	9,085,813	2,718,533	85,987	40,864,070

2017/18 (Current year)	Land & Buildings £	Vehicles £	Plant & Equipment £	Assets under Constuction £	Total £
<u>Cost or valuation</u>					
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
Reclassification 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

Notes to the Financial Statements

2017/18 (Current year)	Land & Buildings £	Vehicles £	Plant & Equipment £	Assets under Constuction £	Total £
<u>Depreciation</u>					
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
<u>Nature of asset holding at 31 March 2018</u>					
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

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 2018 by BNP Paribas, who are RICS qualified and independent of the Authority. The results of this valuation were applied to all properties, resulting in unrealised gains of £1,367,607 and revaluation losses of £249,196. In accordance with the Code, unrealised gains were posted to the Revaluation Reserve and losses to the Cost of Services in the Comprehensive Income and Expenditure Statement, where the losses were greater than the balance on the Revaluation Reserve for that property.

Notes to the Financial Statements

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 2017/18, there were no specific events which caused the Authority to impair its assets.

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.

2016/17		2017/18		
		Gross Value	Amortisation	Net Value
£		£	£	£
506,154	Carrying Amount at 1 April	473,457	-169,717	303,740
10,068	Additions in year	239,744	0	239,744
-169,717	Amortisation in year	0	-147,129	-147,129
-40,879	Derecognition on disposal or replacement	-83,575	82,523	-1,052
-1,886	Reclassification to Plant and Equipment	0	0	0
303,740	Carrying Amount at 31 March	629,626	-234,323	395,303

Notes to the Financial Statements

7 Financial instruments

31 March 2017			31 March 2018	
Long term £	Current £	Financial Assets in the Balance Sheet	Long term £	Current £
		<u>Financial Assets</u>		
	7,000,000	Short Term Investments		3,000,000
	5,388,331	Investments (Cash equivalents)		6,282,463
	732,547	Trade debtors		2,357,524
0	13,120,878		0	11,639,987
		<u>Financial Liabilities</u>		
-10,757,707	-1,191,657	Borrowings at amortised cost (PWLB loans)	-9,975,362	-782,344
-14,013,121	-106,049	PFI and Finance lease liabilities	-13,239,635	-109,846
0	-3,492,603	Trade creditors	0	-6,695,892
-24,770,828	-4,790,309		-23,214,997	-7,588,082

Trade debtors and creditors exclude items such as Government grant debtors and Council Tax arrears and prepayments. They are included within the debtors and creditors which are analysed in Notes 9 and 12. PWLB loans were borrowed from the Public Works Loan Board. Interest on investments is included in the Comprehensive Income and Expenditure Statement. Where investments are held on call, accrued interest is added to the principal shown in the balance sheet. Otherwise it is shown within trade debtors.

Fair value

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

31 March 2017			31 March 2018	
PWLB loans £	Finance lease £		PWLB loans £	Finance lease £
14,575,196	223,700	Fair value	13,141,723	113,640
11,949,364	215,895	Carrying amount	10,757,706	109,846
2,625,832	7,805	Difference	2,384,017	3,794

Notes to the Financial Statements

The fair value of PWLB loans is higher than the carrying amount because all outstanding loans were taken out at fixed rates higher than those available at the current time. The finance lease was taken out in 2009/10 and valued for inclusion in the Balance Sheet at its discounted present value based on the rate in the lease.

The fair value hierarchy used in calculating the fair value of financial instruments is as follows:

31 March 2017					31 March 2018			
Level 1*	Level 2*	Level 3*	Total		Level 1*	Level 2*	Level 3*	Total
£	£	£	£		£	£	£	£
14,575,196	0	0	14,575,196	PWLB Loans	13,141,723	0	0	13,141,723
0	223,700	0	223,700	Finance Lease	0	113,640	0	113,640
14,575,196	223,700	0	14,798,896		13,141,723	113,640	0	13,255,363

* As referred to in section nine of the Accounting Policies, the levels in the fair value hierarchy are as follows:

Level 1 - Quoted prices in active markets for identical assets.

Level 2 - Other significant observable inputs.

Level 3 - Significant unobservable inputs.

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 new loans taken out for the period remaining on each loan;
- ◆ no early repayment or impairment is recognised;
- ◆ where maturity is within 12 months, the carrying amount is assumed to approximate to the fair value;
- ◆ finance leases are discounted at the PWLB rate as for loans;
- ◆ 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 same as the carrying amount.

Notes to the Financial Statements

8 Inventories

2016/17 Written off £	31 March 2017 Balance £		2017/18 Written off £	31 March 2018 Balance £
0	24,094	Vehicle Fuel	74	24,020
36,630	147,929	Clothing and Personal Protective Equipment	24,370	123,559
2,683	76,893	Equipment	11,639	65,254
0	9,088	Other	-5,044	14,126
39,313	258,004	Total Inventories	31,039	226,959

9 Debtors

31 March 2017 £		31 March 2018 £
3,997,313	Central government bodies	2,239,304
1,940,186	Other local authorities	4,937,534
60,154	NHS bodies	77,110
21,895	Public corporations and trading funds	27,479
2,852,094	Other entities and individuals	3,513,050
8,871,642	Total debtors	10,794,477
	Comprising -	
696,258	Long term debtors	605,706
8,175,384	Short term debtors	10,188,771
8,871,642		10,794,477

Notes to the Financial Statements

10 Cash and cash equivalents

31 March 2017		31 March 2018
£		£
7,640	Cash held by the Authority	5,175
5,549,050	Call and deposit accounts with banks	6,692,025
5,556,690	Total cash and cash equivalents	6,697,200

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 twelve months.

2016/17		2017/18
£		£
3,775	Balance at 1 April	924,024
924,024	Assets newly classified as held for sale	0
-3,775	Assets sold	-924,024
924,024	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 assets held at the start of 2016/17 were vehicles awaiting disposal. The asset held at 1 April 2017 is 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 2017		31 March 2018
£		£
-1,949,953	Central government bodies	-1,879,540
-783,185	Other local authorities	-3,690,883
-6,819	NHS bodies	-17,103
-15,091	Public corporations and trading funds	0
-17,075,686	Other entities and individuals	-16,832,673
-19,830,734	Total creditors	-22,420,199
	Comprising -	
-13,903,275	Long term creditors - Private Finance Initiative (see Note 25)	-13,239,635
-109,846	Long term creditors - Finance lease liabilities (see Note 24)	0
-5,711,564	Short term creditors	-9,070,718
-106,049	Finance lease liabilities (see Note 24)	-109,846
-19,830,734		-22,420,199

13 Provisions

Provision for Part-time Workers (Compensation)		£
Balance at 1 April 2017		-80,984
Amounts used in 2017/18		80,984
Balance at 31 March 2018		0

A provision was established in 2009/10 for the initial compensation costs resulting from the Employment Tribunal's consideration of the Part Time Workers (Prevention of Less Favourable Treatment) Regulations 2000 in relation to firefighters working the Retained Duty System. All material payments have now been made and the remaining provision has been released back to the revenue account.

Notes to the Financial Statements

Provision for Non-Domestic Rates Appeals		£
Balance at 1 April 2017		-411,627
Share of Provisions made in 2017/18		-58,634
Balance at 31 March 2018		-470,261

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.

Provision for Ill Health Pensions Paid 2006-2013		£
Balance at 1 April 2017		-459,373
Amounts used in 2017/18		459,373
Balance at 31 March 2018		0

After the end of 2013/14, it was discovered that the Wiltshire and Swindon Fire Authority had wrongly claimed the cost of some ill-health pension payments from the Firefighters' Pension Fund. The amount which related to years before 2013/14 was £459,373. This amount was set aside as a Provision and the Government recovered the cost in 2017.

Provision for Insurance Claims		£
Balance at 1 April 2017		-104,417
Additional provision made in 2017/18		-63,367
Balance at 31 March 2018		-167,784

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 2017/18 and earlier financial years.

The total provisions (£638,045) are shown in the Balance Sheet as short term liabilities.

Notes to the Financial Statements

14 Usable reserves

This note sets out the Authority's Usable Reserves, including amounts set aside from the General Fund and Earmarked Reserves to provide financing for future expenditure plans and the amounts transferred to or from Earmarked Reserves in 2017/18. The Authority also has a Capital Receipts reserve, which can only be used to fund capital expenditure.

	Balance 1 Apr 16 £	Transfers out £	Transfers in £	Balance 31 Mar 17 £	Transfers out £	Transfers in £	Balance 31 Mar 18 £	See note below
General Fund	-6,700,744	1,395,800	-4,819,493	-10,124,437	5,000,000	-1,561,901	-6,686,338	
Earmarked Reserves								
Ill Health Retirement	-745,021	40,000	0	-705,021	271,183	0	-433,838	A
Insurance	-1,023,825	51,213	-126,818	-1,099,430	19,718	-48,015	-1,127,727	B
Unused grants	-4,989,377	583,311	-536,028	-4,942,094	1,181,986	-244,595	-4,004,703	C
RDS - Impact of PTW Regulations	-1,000,000	1,000,000	0	0	0	0	0	D
Transformational Improvement	-1,793,288	0	-520,000	-2,313,288	229,846	0	-2,083,442	E
Leadership and Training	-539,511	130,006	0	-409,505	104,000	0	-305,505	F
Capital Replacement	-4,274,600	383,833	-281,471	-4,172,238	5,400,301	-5,188,295	-3,960,232	G
Service Control	-557,746	0	0	-557,746	0	0	-557,746	H
Safety Centre Matched Funding	-1,000,000	0	0	-1,000,000	0	0	-1,000,000	I
Leasing Rental	-835,833	85,000	0	-750,833	85,000	0	-665,833	J
Youth Intervention	0	0	-100,000	-100,000	0	0	-100,000	K
Apprenticeships	0	0	-95,800	-95,800	0	0	-95,800	L
Emergency Medical Response	0	0	-200,000	-200,000	0	0	-200,000	M
ESMCP	0	0	-1,000,000	-1,000,000	54,625	0	-945,375	N

Notes to the Financial Statements

	Balance 1 Apr 16 £	Transfers out £	Transfers in £	Balance 31 Mar 17 £	Transfers out £	Transfers in £	Balance 31 Mar 18 £	See note below
Other Reserves	-369,092	237,795	0	-131,297	0	0	-131,297	O
Total Earmarked Reserves	-17,128,293	2,511,158	-2,860,117	-17,477,252	7,346,659	-5,480,905	-15,611,498	
Total General Reserves	-23,829,037	3,906,958	-7,679,610	-27,601,689	12,346,659	-7,042,806	-22,297,836	
Capital Receipts Reserve	-1,838,759	1,854,659	-15,900	0	152,157	-1,255,000	-1,102,843	
Capital Grants Unapplied	-179,496	179,496	0	0	0	0	0	
Total Useable Reserves	-25,847,292	5,941,113	-7,695,510	-27,601,689	12,498,816	-8,297,806	-23,400,679	

General Fund Balance

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 narrative that follows sets out the purpose of each reserve.

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.

Notes to the Financial Statements

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 in to 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 Retained Duty System - Impact of Part-Time Workers Regulations Reserve

This reserve was set up to mitigate the effect of the Employment Tribunal's decisions relating to pensions access rights of retained firefighters. The Authority assessed that this reserve was no longer required and the balance was released back to General Reserves in 2016/17.

E 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.

F Leadership and Training

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

G 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.

H 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.

I Safety Centre Matched Funding

This reserve provides £1m of matched funding as the Service's contribution towards the costs of developing a new Safety Centre.

J 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.

Notes to the Financial Statements

K Youth Intervention

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

L Apprenticeships

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

M Emergency Medical Response

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

N 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.

O Other

This covers a number of smaller reserves held. The Authority assessed that some elements included in this reserve were no longer required and £237,795 was released back to General Balances in 2016/17.

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.

Capital Grants Unapplied

Capital Grants Unapplied represents grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. Any balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

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.

The balance brought forward from the two previous authorities was written out to the Capital Adjustment Account at 1 April to reflect the transfer of assets and liabilities to the Authority at their written down values in accordance with the Code.

2016/17 £	Revaluation Reserve	2017/18 £
0	Balance at 1 April	-1,472,591
-1,472,591	Unrealised gains on revaluation of property assets	-1,367,607
0	Unrealised losses on revaluation of property assets	79,903
0	Write out accumulated gains on assets sold or scrapped	775,000
-1,472,591	Balance at 31 March	-1,985,295

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.

2016/17 £	Capital Adjustment Account	2017/18 £	£
-911,350	Balance at 1 April		-1,311,157
	Reversal of items relating to capital expenditure charged or credited to CIES		
3,099,653	Depreciation of non-current assets	3,471,288	
1,134,645	Revaluation losses on Property, Plant and Equipment	1,400,719	
169,717	Amortisation of intangible assets	147,129	
438,960	Amounts of non-current assets written out on sale or disposal	-111,580	
4,842,975	Net written out as the cost of non-current assets consumed in the year		4,907,556
0	Adjusting amounts written out of the Revaluation Reserve		-775,000
	Capital financing applied in the year		
-2,034,155	Capital Grants and Receipts applied to capital financing	-152,157	
-884,273	Capital expenditure charged against the General Fund	-5,842,759	
-1,423,374	Statutory provision for debt repayment	-1,414,281	
-798,728	Revenue provision in respect of Private Finance Initiative	-818,067	
-102,252	Revenue provision in respect of finance leases	-106,049	
-5,242,782			-8,333,313
-1,311,157	Balance at 31 March		-5,511,914

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 employer's 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.

2016/17 £	Pensions Reserve	2017/18 £
481,194,000	Balance at 1 April	563,457,000
69,990,551	Actuarial gains or losses on pensions assets and liabilities	-14,444,046
18,319,432	Reversal of items relating to retirement benefits charged or (credited) to the CIES Deficit on the Provision of Services	20,879,535
-6,046,983	Employer's pension contributions and direct payments to pensioners payable in the year	-6,400,489
563,457,000	Balance at 31 March	563,492,000

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.

2016/17 £	Collection Fund Adjustment Account	2017/18 £
-944,512	Balance at 1 April	-642,859
	Amount by which the income credited to the CIES differs from that calculated for the year in accordance with statutory requirements	
331,061	Council Tax	-111,547
-29,408	Non-Domestic Rates	-15,605
-642,859	Balance at 31 March	-770,011

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.

2016/17		Short Term Accumulating Absences Account		2017/18	
£				£	£
257,706	Balance at 1 April				174,920
-257,706	Settlement or cancellation of accrual made at the end of the preceding year			-174,920	
174,920	Amounts accrued at the end of the current year			143,886	
-82,786	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				-31,034
174,920	Balance at 31 March				143,886

16 Cash Flow Statement - Operating activities

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

2016/17		2017/18	
£			£
-45,660	Interest received		-62,125
531,234	Interest paid		479,327
11,388	Interest paid on finance leases		7,591

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.

	Basic £	Special responsibility £	Travel and subsistence £	Total £
Allsopp, S R	2,471	0	69	2,540
Amin, A	3,200	0	180	3,380
Anderson, M E J	3,200	1,600	135	4,935
Biggs, R M	2,471	0	186	2,657
Brookes, K	2,436	0	0	2,436
Burden, L F G	3,200	0	214	3,414
Butler, S	3,200	0	0	3,200
Clark, E F	3,200	0	176	3,376
Coatsworth, R	335	0	440	775
Dalton, B E	2,471	0	0	2,471
Davies, M	3,200	0	0	3,200
Davis, A	2,471	0	0	2,471
Dean, M J	2,471	0	0	2,471
Devine, C	335	168	0	503
Dunlop, B A	3,200	0	17	3,217
Edge, P	335	0	65	400
Flower, S G	3,200	7,307	1,177	11,684
Groom, M	404	0	244	648
Hutton, P J	2,471	0	503	2,974
Jamieson, C	3,200	916	371	4,487
Jeffries, S	3,200	0	121	3,321
Jones, D T	335	168	118	621
Jones, R	3,200	3,200	1,075	7,475

Notes to the Financial Statements

	Basic £	Special responsibility £	Travel and subsistence £	Total £
Kimber, P R	335	0	54	389
Knight, J	335	0	57	392
Knox, R	3,200	2,320	1,365	6,885
Lovell, C P	3,200	946	258	4,404
Martin, N D	3,200	0	113	3,313
Newbury, C	3,200	938	285	4,423
Oatway, P	2,471	0	0	2,471
Payne, G D	335	0	0	335
Perkins, G	3,200	4,800	601	8,601
Quayle, B	2,471	0	186	2,657
Ridout, P J	2,471	0	200	2,671
Rochester, C P J	3,200	0	-252	2,948
Rogers, R T	404	0	0	404
Slade, V	3,200	0	0	3,200
Stribley, A M	3,200	0	345	3,545
Tray, J	430	215	144	789
Wayman, B	404	0	155	559
Yuill, R	2,471	0	0	2,471
Total for 2017/18	91,933	22,578	8,602	123,113
Total for 2016/17	95,789	21,332	12,027	129,148

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.

2016/17 No.	Remuneration band	2017/18 No.
42	£50,000 - £54,999	37
7	£55,000 - £59,999	11
10	£60,000 - £64,999	12
0	£65,000 - £69,999	5
1	£70,000 - £74,999	3
3	£75,000 - £79,999	3
1	£80,000 - £84,999	0
1	£85,000 - £89,999	1
0	£90,000 - £94,999	0
2	£95,000 - £99,999	0
1	£100,000 - £104,999	2
1	£105,000 - £109,999	2
0	£110,000 - £114,999	0
1	£115,000 - £119,999	0
	~	
0	£140,000 - £144,999	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 (SLT). 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.

2017/18	Salary, fees and allowances £	Expenses & Benefits in kind £	Total excluding pension £	Employers' pension contributions £	Total £	See note
Role						
Chief Fire Officer	143,737	162	143,899	20,554	164,453	
Deputy Chief Fire Officer (from 25.09.2017)	51,210	2,681	53,891	8,757	62,648	1
Assistant Chief Officer, Operations	101,993	144	102,137	22,133	124,270	
Assistant Chief Officer, Prevention, Protection	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 24.09.2017)	47,134	2,681	49,815	8,060	57,875	1
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	2
Total	710,333	16,418	726,751	130,218	856,969	

Notes to the Financial Statements

2016/17 Role	Salary, fees and allowances £	Expenses & Benefits in kind £	Total excluding pension £	Employers' pension contributions £	Total £
Chief Fire Officer (to November 2016)	95,576	95	95,671	20,737	116,408
Chief Fire Officer (from December 2016)	44,688	54	44,742	6,390	51,132
Assistant Chief Officer, Operations (to November 2016)	70,976	95	71,071	10,148	81,219
Assistant Chief Officer, Operations (from January 2017)	22,690	35	22,725	4,841	27,566
Assistant Chief Officer, Prevention, Protection	103,751	149	103,900	22,511	126,411
Assistant Chief Officer, Service Support	106,312	138	106,450	18,605	125,055
Director of Corporate Services	92,138	4,532	96,670	15,848	112,518
Director of Finance	81,709	5,081	86,790	14,175	100,965
Director of People Services	28,258	4,351	32,609	9,954	42,563
Total	646,098	14,530	660,628	123,209	783,837

- Notes: 1 The Director of Corporate Services was promoted to the role of Deputy Chief Fire Officer from 25 September 2017.
2 The Director of People Services works part-time, 32 hours per week. The full-time equivalent salary for this role is £81,608.

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 2017/18.

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.

2016/17		Exit package cost band	2017/18	
No.	£		No.	£
7	75,010	£0 - £20,000	5	51,916
0	0	£20,001 - £40,000	1	39,524

19 External audit costs

The Authority's external auditors charged £45,000 for work undertaken in 2017/18 (£45,000 in 2016/17).

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.

2016/17		2017/18	
£		£	£
	<u>Credited to the Cost of Services</u>		
-49,881	National Resilience Grant (New Dimension)	-108,307	
-127,679	New Burdens Grants	0	
-1,626,975	Private Finance Initiative (PFI) Grant	-1,626,975	
-362,870	Emergency Services Mobile Communications Programme Grant	-185,487	
-158,657	Grants and contributions towards fire prevention activities	-155,300	
-502,890	Firelink Revenue Grant	-513,337	
-331,042	Other grants and contributions	-341,448	
-3,159,994			-2,930,854
	<u>Credited to Taxation and Non-specific Grant Income</u>		
-8,068,915	Revenue Support Grant	-5,704,372	
-4,557,838	Non-Domestic Rates Top Up Grant	-5,015,887	
-534,455	Other non-ringfenced Government Grants	-822,543	
-13,161,208			-11,542,802
-16,321,202	Total credited to the Comprehensive Income and Expenditure Statement		-14,473,656

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 2017/18 the partnership incurred total expenditure of £640,838 which was shared amongst the partners as detailed in the table below.

NFSP Partnership Costs Recovered	2016/17 £	2017/18 £
Devon & Somerset	129,886	168,787
Hampshire	129,886	183,977
Dorset & Wiltshire	250,223	288,074
Total	509,995	640,838

Notes to the Financial Statements

The Authority also incurred another £80,771 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 £368,845 expenditure incurred by the Authority on NFSP in the year, £127,958 related to capital. This capital expenditure was financed by a Government Grant provided for this purpose in 2011/12 and carried forward in an earmarked reserve.

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, financing and commitments

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 Initiative, 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.

2016/17			2017/18	
£	£		£	£
	41,567,690	Opening CFR		39,353,762
		<u>Capital expenditure</u>		
947,518		Land and buildings	552,308	
1,214,128		Vehicles	3,720,595	
660,726		Plant and equipment	1,482,270	
85,988		Assets Under Construction	0	
10,068		Intangible assets	239,744	
	2,918,428			5,994,917
	110,426	Capitalisation of Private Finance Initiative Assets		154,428
		<u>Sources of finance</u>		
-884,273		Direct revenue financing	-5,842,759	
-2,034,155		Capital grants and receipts	-152,157	
-798,728		Revenue provision for Private Finance Initiative	-818,067	
-102,252		Revenue provision for finance leases	-106,049	
-1,423,374		Minimum Revenue Provision	-1,414,281	
	-5,242,782			-8,333,313
	39,353,762	Closing CFR		37,169,794

Notes to the Financial Statements

2016/17			2017/18	
£	£		£	£
		<u>Explanation of movement in CFR</u>		
	-1,423,374	Increase/decrease(-) in underlying need to borrow		-1,414,280
	-688,302	Reduction in Private Finance Initiative liabilities		-663,639
	-102,252	Reduction in finance lease liabilities		-106,049
	-2,213,928	Increase/decrease(-) in CFR		-2,183,968

At 31 March 2018, the Authority was committed to capital expenditure on seven fire appliances and one aerial ladder platform at a total planned cost of £2,924,000.

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.

2016/17		2017/18
£	Vehicles and equipment	£
241,209	Charged to the Cost of Services in the year	133,513
211,131	Future minimum lease payments	8,545
8,545	Not later than one year	0
	Later than one year and not later than five years	
219,676	Total of future minimum lease payments	8,545

Notes to the Financial Statements

2016/17 £	Property	2017/18 £
160,924	Charged to the Cost of Services in the year	166,000
166,000	Future minimum lease payments	166,000
648,076	Not later than one year	627,076
1,138,734	Later than one year and not later than five years	993,734
1,952,810	Later than five years	1,786,810
	Total of future minimum lease payments	

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 (£7,591 in 2017/18) and the reduction in the liability to pay the lessor. This liability is shown in the Balance Sheet as a long term creditor, for which a fair value is shown in Note 7.

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.

31 March 2017 £	Balance Sheet - carrying amount	31 March 2018 £
316,521	Net book value at start of year	229,218
-87,303	Depreciation	-87,303
229,218	Net book value at end of year	141,915

Notes to the Financial Statements

31 March 2017		31 March 2018
£	Outstanding minimum lease payments	£
	Net present value of minimum lease payments	
106,049	Current	109,846
109,844	Non-current	0
215,893		109,846
11,387	Finance costs payable in future years	3,794
227,280	Minimum lease payments	113,640

31 March 2017		Analysis of payments	31 March 2018	
Minimum lease payments £	Finance lease liability £		Minimum lease payments £	Finance lease liability £
113,640	106,049	Not later than one year	113,640	109,846
113,640	109,844	Later than one year and not later than five years	0	0
227,280	215,893	Total	113,640	109,846

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 opened 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 2017/18 the authority received £1,626,975 of financial support from the Department for 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 £2,398,476.

Notes to the Financial Statements

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

2016/17 £		2017/18 £
-14,591,577	Balance at 1 April	-13,903,275
-110,426	Capitalisation of Private Finance Initiative Assets in year	-154,427
798,728	Principal repayment in the year	818,067
-13,903,275	Balance at 31 March	-13,239,635

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. This is a funded defined benefit scheme administered by Wiltshire Council (for all ex-Wiltshire employees) and Dorset County Council (for all ex-Dorset employees and new employees). 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. Actuarial valuations of the Wiltshire Pension Fund are carried out by Hymans Robertson, whilst valuations for the Dorset Pension Fund are performed by Barnett Waddingham.
- ◆ the Firefighters' Pension Scheme 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 firefighter 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 Firefighters' Pension Scheme 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.

Governance of the LGPS scheme is the responsibility of the Pension Fund Committees in both Dorset and Wiltshire, which include Elected Members, employer organisations and representatives and employees. The Committees exercise the functions of an administering authority under the LGPS Regulations and make strategic decisions about the Fund and have 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 and Dorset Local Pension Boards, which include employer and member representatives also provide an oversight role to ensure compliance with the 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.

Notes to the Financial Statements

The last formal valuation of the LGPS pension funds for both Dorset and Wiltshire was as at 31 March 2016.

The Firefighters' Pension Scheme is administered by Wiltshire Council and Dorset County Council on behalf of the Authority, although with effect from 1 April 2018 the Scheme will be administered by West Yorkshire Pension Fund. A 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 Firefighters' Pension Scheme, 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 administration of the Scheme.

The risks of the Firefighters' Pension Scheme are reduced by the top up grant, which is paid by Government to cover the net deficit on the schemes. The main residual risk concerns some injury liabilities for which the Authority is responsible. The last formal valuation of the Firefighters' schemes was as at 31 March 2016. From 1 April 2015 a new benefit structure came into effect for the Firefighters' Pension Scheme, 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 the Firefighters' Pension 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

2016/17		Transactions in CIES and MIRS	2017/18	
Firefighters' Scheme £	LGPS £		Firefighters' Scheme £	LGPS £
		Comprehensive Income and Expenditure Statement		
9,045,000	1,995,000	Current service cost	9,990,000	3,345,000
3,000	152,000	Past service costs	0	89,000
15,879,000	747,000	Net interest expense	14,317,000	718,000
-9,501,568	0	Pensions Top-up Grant	-7,579,465	0
15,425,432	2,894,000	Total charged or credited to the deficit on the provision of services	16,727,535	4,152,000
		<u>Other Comprehensive Income and Expenditure</u>		
		Remeasurement of the net defined benefit liability comprising:		
0	-5,591,000	Return on plan assets (excluding that in the net interest expense)	0	-1,748,000
94,446,517	11,980,034	Actuarial gains/losses from changes in financial assumptions	-10,651,661	-2,044,385
-5,415,000	196,000	Actuarial gains/losses from changes in demographic assumptions	0	0
-23,436,000	-2,190,000	Other experience	0	0
65,595,517	4,395,034	Total charged to other comprehensive income and expenditure	-10,651,661	-3,792,385
81,020,949	7,289,034	Total charged to CIES	6,075,874	359,615
		Movement in Reserves Statement		
-15,425,432	-2,894,000	Reversal of net charges made to the deficit on the provision of services in accordance with the Code	-16,727,535	-4,152,000
4,527,949	1,519,034	Actual amount charged against the General Fund balance for pensions - Employers' contributions payable to the schemes	4,632,874	1,767,615

Notes to the Financial Statements

c Assets and liabilities in relation to retirement benefits

31 March 2017		Pensions assets and liabilities recognised in the Balance Sheet	31 March 2018	
Firefighters' Scheme	LGPS		Firefighters' Scheme	LGPS
£	£		£	£
-509,373,000	-60,000	Present value of unfunded liabilities	-511,807,000	-58,000
0	-69,426,000	Present value of funded liabilities	0	-72,251,000
-27,691,000	0	Present value of injury liabilities	-26,700,000	0
0	43,093,000	Fair value of employer assets	0	47,324,000
-537,064,000	-26,393,000	Net liability arising from defined benefit obligation	-538,507,000	-24,985,000

2016/17		Reconciliation of present value of scheme liabilities	2017/18	
Firefighters' Scheme	LGPS		Firefighters' Scheme	LGPS
£	£		£	£
-460,571,000	-55,368,000	Opening balance at 1 April	-537,064,000	-69,486,000
-9,045,000	-1,995,000	Current service cost	-9,990,000	-3,345,000
-3,000	-152,000	Past service cost	0	-89,000
-15,879,000	-2,030,000	Interest cost on defined benefit obligation	-14,317,000	-1,898,000
-2,648,000	-508,000	Contributions by scheme participants	-2,658,000	-538,000
0	0	Transfers in from other authorities	0	0
0	0	Transfers out to other authorities	0	0
16,505,000	1,499,000	Benefits paid	16,317,000	1,019,000
		Remeasurement gains and losses:		
-94,274,000	-12,336,000	Changes in financial assumptions	9,205,000	2,028,000
5,415,000	-196,000	Changes in demographic assumptions	0	0
23,436,000	1,600,000	Other experience	0	0
-537,064,000	-69,486,000	Closing balance at 31 March	-538,507,000	-72,309,000

Notes to the Financial Statements

2016/17		Reconciliation of the fair value of scheme assets	2017/18	
Firefighters' Scheme £	LGPS £		Firefighters' Scheme £	LGPS £
0	34,745,000	Opening balance at 1 April	0	43,093,000
0	1,283,000	Interest income on plan assets	0	1,180,000
2,648,000	508,000	Contributions by scheme participants	2,658,000	538,000
13,857,000	1,875,000	Employer contributions	13,659,000	1,784,000
-16,505,000	-1,499,000	Benefits paid	-16,317,000	-1,019,000
0	0	Transfers to/from other authorities	0	0
0	5,591,000	Return on assets excluding that included in net interest	0	1,748,000
0	590,000	Other actuarial gains/(losses)	0	0
0	43,093,000	Closing balance at 31 March	0	47,324,000

The employer's contributions made as per the table in Note 26b above differ from the actuaries' estimate of employer's contributions in this table as used to calculate the net pension liability. The actuaries' employer's contributions are calculated as the difference between benefits paid and contributions by scheme participants. The difference is recognised in the Comprehensive Income and Expenditure Statement by including an adjustment for the difference and inclusion of the Pensions Top-up Grant for the Firefighters' Scheme.

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £563.5m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £532m.

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.

Notes to the Financial Statements

d Fair Value of Employer Assets

31 March 2017			Analysis of fair value of scheme assets Wiltshire Council Fund	31 March 2018		
Quoted prices in active markets £	Prices not quoted in active markets £	Total £		Quoted prices in active markets £	Prices not quoted in active markets £	Total £
			Equity securities			
450,800	0	450,800	Consumer	501,500	0	501,500
335,700	0	335,700	Manufacturing	373,400	0	373,400
61,400	0	61,400	Financial institutions	68,300	0	68,300
97,100	0	97,100	Health and care	108,000	0	108,000
2,229,900	0	2,229,900	Information Technology	2,480,900	0	2,480,900
181,500	0	181,500	Other	201,900	0	201,900
3,356,400	0	3,356,400	Total equity securities	3,734,000	0	3,734,000
			Property			
0	2,277,600	2,277,600	United Kingdom	0	2,533,800	2,533,800
0	496,200	496,200	Overseas	0	552,000	552,000
0	2,773,800	2,773,800	Total property	0	3,085,800	3,085,800

Notes to the Financial Statements

31 March 2017			Analysis of fair value of scheme assets Wiltshire Council Fund	31 March 2018		
Quoted prices in active markets £	Prices not quoted in active markets £	Total £		Quoted prices in active markets £	Prices not quoted in active markets £	Total £
			Investment Funds and Unit Trusts			
0	11,425,500	11,425,500	Equities	0	12,710,900	12,710,900
0	3,555,000	3,555,000	Bonds	0	3,954,900	3,954,900
0	383,500	383,500	Infrastructure	0	426,600	426,600
0	60,500	60,500	Other	0	67,300	67,300
0	15,424,500	15,424,500	Total Investment Funds and Unit Trusts	0	17,159,700	17,159,700
			Cash and other			
161,300	0	161,300	Cash and cash equivalents	179,500	0	179,500
0	0	0	Other	0	0	0
161,300	0	161,300	Total cash and other	179,500	0	179,500
3,517,700	18,198,300	21,716,000	Total scheme assets	3,913,500	20,245,500	24,159,000

Notes to the Financial Statements

31 March 2017			Analysis of fair value of scheme assets Dorset County Council Fund	31 March 2018		
Quoted prices in active markets £	Prices not quoted in active markets £	Total £		Quoted prices in active markets £	Prices not quoted in active markets £	Total £
11,993,000	0	11,993,000	Equities	12,521,000	0	12,521,000
0	3,173,000	3,173,000	Gilts	0	3,033,000	3,033,000
0	237,000	237,000	Cash	0	325,000	325,000
2,450,000	0	2,450,000	Other Bonds	1,624,000	0	1,624,000
0	927,000	927,000	Diversified Growth Fund	0	1,401,000	1,401,000
0	1,880,000	1,880,000	Property	2,335,000	0	2,335,000
0	714,000	714,000	Infrastructure	0	836,000	836,000
0	3,000	3,000	Hedge Fund	0	0	0
0	0	0	Multi Asset Credit	0	1,090,000	1,090,000
14,443,000	6,934,000	21,377,000	Total scheme assets	16,480,000	6,685,000	23,165,000

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 and the Dorset County Council Fund liabilities have been assessed by Barnett Waddingham, and the Wiltshire Council Fund by Hymans Robertson, who are both independent actuaries.

Firefighters' Scheme	31 March 2017		Principal assumptions used by the actuary	31 March 2018		
	Wiltshire LGPS	Dorset LGPS		Firefighters' Scheme	Wiltshire LGPS	Dorset LGPS
			<u>Mortality assumptions</u>			
			Longevity for current pensioners (in years)*			
22.2	22.5	23.9	Men	22.3	22.5	24.0
24.7	24.9	26.0	Women	24.8	24.9	26.1
			Longevity for future pensioners (in years) *			
24.4	24.1	26.1	Men	24.5	24.1	26.2
27.1	26.7	28.3	Women	27.2	26.7	28.4
3.5%	3.4%	3.6%	Rate of inflation (Market derived RPI)	3.4%	3.4%	3.3%
4.1%	2.7%	4.2%	Rate of increase in salaries	3.9%	2.7%	3.8%
2.6%	2.4%	2.7%	Rate of increase in pensions	2.4%	2.4%	2.3%
2.7%	2.6%	2.8%	Rate for discounting scheme liabilities	2.6%	2.7%	2.6%

* Longevity assumptions are based on retirement at 65. Future pensioners are assumed to be age 45 as at March 31 2018.

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 2018. 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		Employer Liability £
	Change	
<u>Change in financial assumptions 2017/18</u>		
Decrease in real discount rate	0.1%	9,441,000
Increase in member life expectancy	1	9,976,000
Increase in rate of increase in salaries	0.1%	9,687,000
Increase in rate of increase in pensions (CPI)	0.1%	9,882,000

Approximate increases - Wiltshire LGPS		Employer Liability £
	Change	
<u>Change in financial assumptions 2017/18</u>		
Decrease in real discount rate	0.5%	3,695,000
Increase in member life expectancy	1	* see below
Increase in rate of increase in salaries	0.5%	775,000
Increase in rate of increase in pensions	0.5%	2,857,000

Notes to the Financial Statements

* 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.

Approximate increases - Dorset LGPS	Change	Employer Liability £
<u>Change in financial assumptions 2017/18</u>		
Decrease in real discount rate	0.1%	1,853,000
Increase in member life expectancy	1	1,959,000
Increase in rate of increase in salaries	0.1%	1,898,000
Increase in rate of increase in pensions	0.1%	1,944,000

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, Governance and Audit 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 with banks and other financial institutions in accordance with its Annual Investment Strategy, which gives priority to security and liquidity rather than yield.

The 2017/18 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 credit criteria shown in the table were set in the Treasury Management Policy.

Credit criteria	Minimum rating	Maximum investment
Highest quality UK and overseas financial institutions	F1/A	£5m
Other local authorities	-	£3m
100% owned subsidiaries of clearing banks	-	£3m
Other F1/A rated banks and building societies	F1/A	£1.5m

The maximum investment refers to sums invested with any one institution at any one time. The ratings are determined by Fitch and published on their website. The criteria are used to derive lists of institutions which may be used, and authority is delegated to the Treasurer to vary the lists and limits as circumstances dictate. The listings are reviewed at least quarterly. During 2017/18, investment activities continued to be constrained by changes to ratings and by the unwillingness of some institutions to accept short term deposits.

At 31 March 2018, £3,000,000 was invested with two financial institutions for terms with more than three months left to run. At 31 March 2017, £7,000,000 was invested with five institutions. The remaining investments fell into the definition of cash equivalents - short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. At 31 March 2018, cash equivalents included investments of £6,540,862 with four institutions (£5,549,050 with four institutions at 31 March 2017).

The Authority does not generally allow credit to its debtors, and at 31 March 2018, there were no material debts more than three months past their due date.

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 2017/18 or in 2016/17.

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.

Notes to the Financial Statements

31 March 2017 £	Maturity profile of borrowings	31 March 2018 £
1,191,657	Less than one year (in Current Liabilities in Balance Sheet)	782,344
782,344	One to two years	201,688
2,506,785	Two to five years	2,913,141
761,578	Five to ten years	653,534
6,707,000	Over ten years (last date October 2027)	6,207,000
11,949,364	Total loans outstanding	10,757,707

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 2017/18 interest rates on the money market remained at a very low level. The Bank of England base rate reduced from 0.5% to 0.25% on 4 August 2016, although this subsequently increased to 0.5% again on 2 November 2017. Income from investment interest was £58,499 in 2017/18 (£65,080 in 2016/17). This represented an average rate of 0.40% on sums invested (0.46% in 2016/17). If rates were to increase by 0.1%, income would increase by £14,780, 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.

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 adopted by the 2018/19 Code and may require a change in accounting policy with effect from 1 April 2018.

- ◆ IFRS 9 Financial Instruments
- ◆ IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15 Clarifications to IFRS15 Revenue from Contracts with

Notes to the Financial Statements

Customers

- ◆ Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
- ◆ Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

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

2016/17		Pension Fund Account	2017/18	
£	£		£	£
-3,198,827		Contributions receivable		
-165,437		From the Fire Authority		
		Contributions in relation to pensionable pay	-3,141,472	
		Other receipts	-363,100	
-2,336,644		Firefighters' contributions	-2,661,727	
	-5,700,908	Total income		-6,166,299
11,017,173		Benefits payable		
4,185,303		Pensions	11,917,331	
		Commutation of pensions and lump sum retirement benefits	1,763,725	
	15,202,476			13,681,056
	0	Transfers to other schemes		64,708
	15,202,476	Total expenditure		13,745,764
	9,501,568	Net amount payable for the year		7,579,465
	-6,074,170	Less Top-up Grant received on account for the year		-5,828,866
	3,427,398	Balance of Top-up Grant receivable		1,750,599

31 March 2017		Pension Fund Net Assets Statement	31 March 2018	
£	£		£	£
		Current Assets (Debtors)		
	3,427,398	Pension Top-up Grant receivable from the Government		1,750,599
	3,427,398	Net current assets and liabilities *		1,750,599

* The net debtor at 31 March 2018 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 Fund

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 Wiltshire Council and Dorset County Council. From 1 April 2018 West Yorkshire Pension Fund will be taking over the administration of the Schemes and the Funds for the Authority.

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 2018. 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 liabilities, derived by discounting cash flows over the term. For loans at fixed interest rates, or variable rates linked to base rate, without significant transaction costs, the amortised cost should equate to the principal of the loan. 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.

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.

Glossary of Terms

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 the General Reserve. 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.

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.

Glossary of Terms

The "Code"

The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18. 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 requirements of future Codes.

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 for its share of the tax and the surplus or deficit on the Collection Fund.

Creditors

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

Current Assets

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

Debtors

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

Glossary of Terms

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.

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. For land and buildings, this 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 disclosed separately, the Earmarked Reserves are earmarked parts of the General Reserve.

Gross Expenditure

Total expenditure before deducting income.

Gross Book Value

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

Glossary of Terms

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 fair 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.

Outturn

Actual income and expenditure for the financial year.

Overspending - See Budget.

Glossary of Terms

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.

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.

Glossary of Terms

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.

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 General Reserve. 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.

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.

Glossary of Terms

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
AUTHORITY



Dorset & Wiltshire Fire and Rescue Service
Five Rivers Health & Wellbeing Centre
Hulse Road
Salisbury
Wiltshire
SP1 3NR



01722 691000



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