



**DORSET & WILTSHIRE  
FIRE AND RESCUE  
AUTHORITY**

# **Statement of Accounts**

## 2019/20

*PASSIONATE ABOUT*

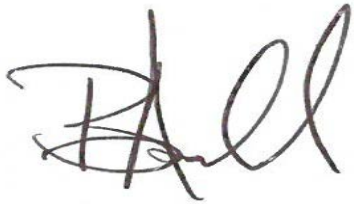
**CHANGING & SAVING LIVES**

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## Certificate for the Approval of the Statement of Accounts

I confirm that these accounts were approved at the Finance and Audit Committee held on 4 December 2020.

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

**Ben Ansell**  
Chief Fire Officer  
16 December 2020

## Narrative Report

### 1 Introduction

Welcome to the Statement of Accounts for the Authority for the year ended 31 March 2020. 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 2019/20 (the Code), published by the Chartered Institute of Public Finance & Accountancy (CIPFA). The information contained in the Statement is of a highly technical nature, and readers may find it useful to refer to the glossary at the end of this document.

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

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

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

The Service is accountable to the public via the Authority, which is made up of 18 members from the four current constituent authorities of Bournemouth, Christchurch and Poole Council; Dorset Council; Swindon Borough Council; and Wiltshire Council. Sound governance arrangements are in place for the Authority. A comprehensive framework of assurance exists to support the Statement of Assurance and the Annual Governance Statement. The process by which these statements are developed has received substantial assurance from our internal auditors.

The activities of the Service are governed by the Home Office and legislation, with responsibilities set out in the Fire and Rescue Services Act 2004 and the Fire and Rescue National Framework for England. Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) independently inspects all fire and rescue services, assessing and reporting on efficiency, effectiveness and leadership. All fire services in England were inspected by HMICFRS for the first time during 2018 and 2019. This Service was inspected in the Tranche 2 inspection round, with the findings published in July 2019. Overall, the Service was rated as "Good" in all three areas of Effectiveness, Efficiency and People. Of the 45 fire and rescue services inspected only 10 received a minimum of three "Good" ratings.

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

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

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

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

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

## 2 Signing and rounding conventions

Throughout the Statement, payments, expenditure and assets are shown as positive figures (debits) and receipts, income, reserves and liabilities as negative figures (credits).

## 3 Explanation of the Statements

The Statement of Accounts comprises the following elements:

## Narrative Report

### ◆ Narrative Report

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

### ◆ Statement of Accounting Policies

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

### ◆ Statement of Responsibilities for the Statement of Accounts

This sets out the respective responsibilities of the Authority and the Treasurer in preparing, publishing and approving the Statement of Accounts. The Treasurer signs this statement, stating that it gives a true and fair view of the financial position of the Authority at 31 March 2020 and of its income and expenditure for the year.

### ◆ Independent Auditor's Report

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

### ◆ The Financial Statements

There are four principal financial statements which, taken together, show the results of the stewardship and accountability of elected Members and management for the resources entrusted to them. These results are contained in the information about the Authority's financial position, performance and cash flows. Full information is presented relating to the year of account, 2019/20, 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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### ◆ 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. Unusable reserves are funds that must be set aside for specific legal or accounting purposes. Further detail about all reserves, and restrictions on their use, is given in Notes 12 and 13.

### ◆ 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 22 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.

### ◆ 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.

### ◆ Notes to the Financial Statements

The four financial statements are followed by comprehensive notes. The Notes give more detail about items shown on the face of the financial statements, present information required under regulations or by the Code which is not presented elsewhere and provide further information relevant to an understanding of the accounts. The notes are cross-referenced to the financial statements, the accounting policies and to each other as appropriate. Comparative figures for 2018/19 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

## Narrative Report

accepted accounting practices. It also shows how this expenditure is allocated for decision-making purposes by the Authority. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

### ◆ 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.

### ◆ Annual Governance Statement

The Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk. The Annual Governance Statement sets out the arrangements in place to discharge this responsibility and the requirement of the Accounts and Audit Regulations 2015 to prepare and publish an Annual Governance Statement.

### ◆ Glossary of Terms

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

## 4 Comparison of revenue outturn to budgets

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

In order to demonstrate the Authority's stewardship of public funds, a comparison of the outturn to the budget is shown in the next table, followed by reasons for the most significant variations in 2019/20.



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2018/19	Original Budget £000s	Approved Budget £000s	Outturn £000s	Variation £000s
Employees	43,492	44,422	43,845	-577
Premises	3,337	3,338	3,780	442
Transport	1,542	1,374	1,392	18
Supplies and Services	4,743	5,587	5,650	63
Agency and Contracted Out Services	2,138	2,414	2,403	-11
Democratic Representation	103	103	89	-14
Capital Financing and Leasing	2,968	7,040	7,032	-8
Income	-3,533	-4,616	-5,225	-609
Net expenditure	54,790	59,662	58,966	-696
Transfers to (+) or from (-) Reserves	-264	-5,136	-4,440	696
Approved budget	54,526	54,526	54,526	0
2019/20	Original Budget £000s	Approved Budget £000s	Outturn £000s	Variation £000s
Employees	46,580	46,883	46,483	-400
Premises	3,884	4,013	3,892	-121
Transport	1,455	1,434	1,439	5
Supplies and Services	4,893	5,455	5,392	-63
Agency and Contracted Out Services	2,307	2,298	2,283	-15
Democratic Representation	94	94	100	6
Capital Financing and Leasing	3,338	4,045	4,132	87
Income	-6,236	-7,397	-7,691	-294
Net expenditure	56,315	56,825	56,030	-795
Transfers to (+) or from (-) Reserves	-470	-980	-185	795
Approved budget	55,845	55,845	55,845	0

## Narrative Report

Main reasons for variations in 2019/20	Variation from Budget	
	£000s	£000s
<u>Employees</u>		
Net savings on pay costs through active workforce management	-573	
Additional ill-health and injury pension costs	250	
Reduction in other employee costs	-77	
		-400
<u>Running expenses</u>		
Additional spend on maintenance and repairs of property	78	
Savings on facilities management, utilities and rental charges	-199	
Equipment, PPE and clothing	-36	
ICT and Communications	-15	
Other supplies and services	-12	
Additional leasing costs	22	
Other differences	61	
		-101
<u>Income</u>		
Additional grants, contributions received and other income		-294
<u>Transfers to or from reserves</u>		
Additional transfer to Ill Health Retirement Reserve	300	
Additional transfer to Capital Replacement Reserve	500	
Variation in other transfers to and from earmarked reserves	-5	
		795
		0

## Narrative Report

### 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 19, 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	2018/19 £000s	2019/20 £000s
Enhancements to existing buildings		892	872
Purchase of additional land and buildings		0	325
Networked Fire Services Partnership ICT systems		229	101
Other ICT systems and communications equipment		479	451
Firefighters' helmets, PPE & other equipment		691	1,106
Vehicles		3,775	569
Property, plant and equipment	5	6,066	3,424
Software licences (intangible assets)	6	0	0
<b>Total capital expenditure</b>	<b>19</b>	<b>6,066</b>	<b>3,424</b>

### 6 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 £520.5m at 31 March 2020, a reduction of £57.8m since the start of the year. All of the figures for pensions, except the actual contributions made by employees and the Authority, are calculated or estimated by the Actuary, who interprets the requirements of International Accounting Standard (IAS) 19 "Employee Benefits" and other relevant accounting provisions. The Authority has appointed Barnett Waddingham LLP, a firm of independent actuaries, to estimate the value of the liability in relation to the FPS each year. Wiltshire Council, as the administering authority for the LGPS, appointed Hymans Robertson LLP as actuaries to the Wiltshire Council Pension Fund.

Details of the transactions for pensions are set out and explained in Note 22, which also describes the nature and benefits of the schemes to which the Authority contributes - the Firefighters' Pension Scheme (FPS), which includes the 1992, 2006, 2015 and Modified schemes, and the Local Government Pension Scheme (LGPS). The transactions for the various firefighters' schemes are aggregated in the Accounts. □

From 1 November 2018 all members of staff participating in the LGPS have been members of the Wiltshire Pension Fund and Wiltshire Council is responsible for administering the scheme. □

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The sum shown as the Pensions Liability represents the underlying commitment that the Authority has in the long run to pay post-employment (retirement) benefits. As such, it appears in the Balance Sheet as a long-term creditor. Each year, the amount of future benefits earned by current members of the schemes (the "current service cost") is charged to the Cost of Services in the CIES and credited to the Pensions Liability. A "past service cost" may arise if the value of future benefits earned in previous years increases due to changes in pensions policy. The Pensions Liability has been impacted by the Court of Appeal ruling in the McCloud/Sargeant Case. An allowance of £9.8m was included as a past service cost in assessing the liability as at 31 March 2019. Following revised actuarial figures as a result of the proposed remedy for the McCloud/Sargeant Case this allowance has been reduced by £2.1m. This change is reflected in the past service costs for 2019/20, which show an overall reduction of £1.6m. Further details are included in Note 2.

The CIES is also charged, in the section for "Financing income and expenditure", with net interest on the defined benefit liability. The cost in 2019/20 was £13.7m. This charge is taken out of the General Fund in the MIRS.

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

### 7 Borrowing and other sources of funds

The Balance Sheet as at 31 March 2020 shows that outstanding debt stands at £14.2m, of which £152k is repayable within a year. £202k was repaid in 2019/20.

Note 19 to the Financial Statements shows how capital spending in 2019/20 was financed by revenue contributions, capital grants and receipts. Although the underlying need to borrow only increased by £65k, actual borrowing during the year totalled £4.4m. This includes borrowing required in respect of 2019/20 and previous financial years.

The Authority approves an annual Treasury Management Policy, which includes arrangements for borrowing. The current policy is to borrow from the Public Works Loan Board, the temporary money market, bank overdrafts 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.

### 8 Provisions, contingencies and write-offs

Provisions are recognised where the Authority has a legal or constructive obligation arising from a past event that will probably require settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. The provision is charged to the CIES in the year and credited in the Balance Sheet. When payment is actually made, it is set against the provision, and any difference is charged or credited to the revenue account. Where it is not probable that an outflow of resources will be required, or the

## Narrative Report

amount of the obligation cannot be measured reliably, a contingent liability is recognised. Contingent liabilities are also recognised where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. A contingent asset would be recognised in similar circumstances, but where the Authority expects to benefit from the receipt of an asset. Contingent assets and liabilities are not shown in the Balance Sheet, as no amount can be calculated, but any that do exist are described in Note 23.

The Balance Sheet at 31 March 2020 contains two provisions totalling £875k. These are set out in Note 11.

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 £736k at 31 March 2020.

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 £139k at 31 March 2020.

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.

## 9 Material events after the reporting date

Post Balance Sheet events occur between the Balance Sheet date (31 March 2020) 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.

## 10 Corporate Performance 2019/20

Performance arrangements for the Service for 2019/20 are centred on the delivery of the strategic priorities defined within the Community Safety Plan 2018-2022. Each of our priorities is supported by Key Lines of Enquiry (KLOEs), which pose specific questions against which our performance is appraised using performance indicators and commentary provided by officers throughout the year. The full review of service performance can be found in the annual report on our website ([dwfire.org.uk](http://dwfire.org.uk)).

## Narrative Report

### Priority 1: Help you to make safer and healthier choices

Our education programmes aim to contribute towards creating safe and healthy communities by educating children and young people to be aware of their age-appropriate responsibilities in keeping themselves and others safe and well. The impact of these programmes is initially measured through the teachers' and group leaders' evaluation on the children's increase in knowledge and understanding of the key safety and health messages. Assessment of longer-term behavioural change and knowledge retention is measured by follow-up focus groups. In 2019/20 more than 41,000 children have received fire safety education messages in schools, children's groups and bespoke educational sessions.

Our Safer People and Responsible Communities (SPARC), Fire Cadets and Salamander programmes continue across Dorset and Wiltshire, with 22 courses delivered in the year and 278 young people attending. Over the past 12 months we also ran three Prince's Trust courses, with 29 young people attending. The programme is yielding very positive results, for example 74% of young people graduating from our Prince's Trust programme have moved into education, employment or training within six months of graduating.

Sadly, there were six deaths in fire related incidents this year, of which Her Majesty's Coroner has so far determined that (at time of publication) one was caused by fire. The remaining five potential fire deaths are awaiting a Coroner's verdict. Each fire death is investigated at a fatal fire case conference to explore Service and multi-agency learning and improvement. We also consider how we can improve the identification of vulnerable individuals and tailor our interventions accordingly.

A total of 12,934 Safe and Well visits were completed in 2019/20. Our targeting strategy has been reviewed and a more refined approach has been developed which focuses on those most at risk from fire where more than one vulnerability exists.



## Narrative Report

### Priority 2: Protect you and the environment from harm

Our fire safety department has been busy and continues to be highly productive. In 2019/20 there have: carried out 1,173 fire safety audits; completed 1,278 consultation responses over building regulations and 429 licensing applications; and had more than 5,000 positive engagements with businesses. This important work helps us to design safety within the fabric and use of the building. Following the publication of the Grenfell Tower Inquiry report, we are working to ensure we are compliant with the recommendations. From a wider perspective, we have considered the Independent Review of Building Regulations and Fire Safety, led by Dame Judith Hackitt and are well placed in terms of the recommendations.

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

We take our approach to safeguarding vulnerable adults and children very seriously with 24/7 arrangements in place to manage safeguarding referrals. All personnel with safeguarding responsibilities received additional training appropriate to their role and to support the UK's counter terrorism strategy.



### Priority 3: Be there when you need us

From an emergency response perspective, the past 12 months have been extremely busy for the Service. We have attended 3,251 fires including 984 deliberate fires and 706 accidental dwelling fires. We have rescued 86 people from fires and 301 people from road traffic collisions. 3,823 special service calls were attended, and we continue to review the nature of, and resource allocation to, those calls, to ensure that we maximise the efficiency of our emergency response arrangements.

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We have a corporate target to achieve a 10-minute response time (including call handling and travel time) to fire in sleeping risk premises on 75% of occasions. Performance for 2019/20 was 71.1%. To have achieved the corporate target within 2019/20, the Service would need to have met the response standard at an additional 32 incidents. During periods of reduced appliance availability, duty managers determine resource disposition to maximise coverage and minimise risk.

The percentage for the first appliance attending road traffic collisions within 15 minutes (including call handling and travel time) was 77.5% in 2019/20. All failures to meet the response standards are investigated to see if there were any contributing factors that are in our control that could be improved. Our Local Performance and Scrutiny committees monitor this information in more detail.



### Priority 4: Make every penny count

The Authority continues to be a low-spending and efficient authority. For 2019/20 our Band D fire precept figure was £74.87 compared to a national average for combined fire authorities of £77.04. We have delivered financial savings and efficiencies of £6.7m since April 2016, compared to a target of £6.5m in our Efficiency Plan 2016/17 to 2019/20. Firefighter costs per person were £20.66 compared to an all-England average of £22.08. This reflects the high dependence on On-Call firefighters which is 53% compared to an all-England average of 30%.

As well as ensuring sound financial management, we are pleased that our internal and external auditors have confidence in our arrangements and have not raised any significant governance issues.

We have a strategy in place to migrate from our Occupational Health and Safety British Standard 18001 to the International Standard ISO 45001. The Service is on track to achieve this before the target date of March 2021. This will be a considerable achievement once attained, as only a handful of fire and rescue services in England have achieved this international standard.



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The Service's business continuity arrangements have been further strengthened and are aligned to the Business Continuity Institute's Good Practice Guidelines (2018). Assurance has been provided by the Service's internal auditors, who, following a full review, awarded the Service substantial assurance against its business continuity and multi-agency arrangements. This means the Service is well prepared to prevent and deal with a major incident.



### Priority 5: Supporting and developing our people

Our Strategic Assessment of Risk identifies our ageing workforce as a strategic issue, and we are looking at succession planning so that we can better manage the challenges and opportunities this presents. As of 31 March 2020, men made up 95% of our operational staff and the highest proportion were aged between 46-55. We are working hard to attract under-represented groups to our organisation through our positive action campaigns, and in 2019/20, 12.3% of operational staff intake was from underrepresented groups which is a slight decline on 17.2% the previous year.

We have robust workforce and talent management arrangements in place that both monitor workforce changes and help determine key departmental issues and skills/competence requirements. In consultation with staff, we have designed new promotion and personal review processes ready for launch in 2020. These have been co-designed with representatives from across the Service, nominated by their peers as good leaders and role models.

We continue to work hard to support the development of our leaders and talented staff. The Service provides a development pathway which gives all staff information on the learning and development opportunities available to them, both in role and for progression to the next level. Our new incident command suite, based at Salisbury Fire Station, is now fully operational and we have for two mobile 'virtual reality' assessment vans to be used in training delivery, providing a satellite facility for incident command trainers to assess competence at local stations. We continue to enjoy a successful partnership with the Royal National Lifeboat Institution (RNLI) to deliver both leadership development and trainer/assessor delivery.

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We ask a lot of our staff and we are therefore committed to looking after their physical, emotional and mental health by offering a range of health and wellbeing services to support them. Mental Health Wellbeing sessions are integrated into the Supervisory Managing Performance and Wellbeing training. Absence management continues to be a key focus for us; whilst there is some variability between staff groups, absence has increased by 3.5% since last year to an average of 9.1 days/shifts lost per person per year, although there continues to be a reduction in work related stress of 6% compared to 2018/19.



## 11 Future developments and the impact of Covid-19

Our future plans are set out in our Community Safety Plan 2018-2022 (CSP), and on 12 February 2020 the Authority approved a revenue budget of £56.884m for 2020/21, along with a new Medium Term Financial Plan (MTFP), to support the delivery of this CSP. Our Strategic Assessment of Risk, which examines a range of key factors that impact on our organisation, from opportunities and challenges emerging from within the fire sector and those within the wider public-sector environment, also supports the CSP. The assessment aims to highlight the strategic and operational risks we face and describes how we intend to deal with them.

The document evidences the following key areas of focus for the Service within its current and future planning:

- ◆ Financial uncertainty for the Service and its partners is set to continue for the foreseeable future;
- ◆ The recruitment and retention of on-call firefighters will remain increasingly difficult;
- ◆ The outcomes and findings of the Grenfell Tower inquiry are likely to have a significant impact upon the fire sector, particularly in the areas of the current system of building regulations and fire safety;
- ◆ The Service needs to engage and resource the Emergency Services Mobile Communications Programme to improve future resilience of communications and incident management;
- ◆ Reducing our environmental impact, which will need some one-off “Invest to Save” funding to generate longer-term, ongoing savings as part of our efficiency plan;

## Narrative Report

- ◆ The number of individuals and householders that the Service needs to engage with to reduce the number of deaths and serious injuries from fire, or to prevent unnecessary hospital stays, is set to increase;
- ◆ The number of people killed or seriously injured on our roads remains consistently high;
- ◆ The availability of on-call appliances remains a key issue for efficient and effective operational response;
- ◆ The diversity of the workforce is not sufficiently reflective of the community we serve;
- ◆ An ageing operational workforce will be a predominant feature of the Service for the foreseeable future, with a potential increase in ill-health retirement costs;
- ◆ Better understanding and improving the capability of our workforce and our one team approach;
- ◆ Strengthening the Networked Fire Service Partnership (NFSP) with our neighbouring fire and rescue services;
- ◆ Improving the sustainability of our ICT systems, which is likely to need some one-off additional investment;
- ◆ Strengthening our Service Control Centre (SCC); and
- ◆ Ensuring the sustainability of our operational training centres, including the feasibility of developing a single, central training facility.

Since the budget and MTFP were approved in February we, like all organisations, have been significantly impacted by the Covid-19 pandemic. We began operating our business continuity arrangements in early February to ensure the continued delivery of the critical activities of a fire and rescue service. Our response gradually escalated over the following weeks, and since the Government's lockdown began on 20 March 2020, all of our staff who are able to, have been working from home. Of course, as an emergency service, it is not possible for all of our staff to work in this way, and operational staff have continued to respond to emergency incidents in the usual way. The incidence of staff absence has remained relatively low and stable during the initial lockdown period and we have been able to ensure that appliance availability has remained high. We have comprehensive plans in place to continue providing an emergency response service should this not remain the case.

We have been working with our partners within the Local Resilience Forums for Dorset and Wiltshire & Swindon to monitor and manage the impact of coronavirus on our staff and communities, in line with Government guidance. The Service has been supporting the local community hubs of the four Local Authorities within the Service area: Bournemouth, Christchurch & Poole, Dorset, Swindon and Wiltshire. This includes assisting South West Ambulance Service driving ambulances alongside emergency care assistants or paramedics, visiting vulnerable people, delivering welfare packages to food banks, schools and hospitals, supporting many key partners to ensure they have correctly fitted Personal Protective Equipment (PPE) and assisting at mortuary support facilities.

## Narrative Report

Although the direct financial impact of Covid-19 has been minor in 2019/20, and our financial results remain in line with our expectations, the valuation of our land and buildings has been impacted. The values disclosed in these financial statements are subject to 'material valuation uncertainty' as advised by our external valuers. This means that the valuations are less reliable than they would normally be due to the unknown future impact that COVID-19 might have on the real estate market. We will need to keep the valuations under more frequent review, but do not expect any significant market evidence to be available until later in 2020 at the earliest.

In late March the Government provided an initial £1.6bn of additional one-off funding to local government to help support the response to the pandemic. A further £1.6bn has subsequently been provided. In total this Service has received £1.3m (£184k in 2019/20) from the £3.2bn allocated nationally. Initially this has been used to fund some additional staff costs and other essential purchases, such as the provision of enhanced PPE and cleaning materials. This additional funding, along with early payment of a number of other grant payments that we normally receive, has meant that our cash flow position has not been adversely impacted by Covid-19 at this point.

Whilst the short-term impact of Covid-19 has been minor, the longer-term financial impact cannot yet be determined, but does represent a significant financial risk to us. The MTFP that was approved in February already showed projected deficits in future years: £1.5m in 2021/22, £2.5m in 2022/23 and £3m in 2023/24, before any impact of Covid-19. These projections were based on our assumptions about future funding, but with a number of uncertain impacts from the Fair Funding Formula review, government Spending Review and changes to the financial arrangements for the Firefighters' Pension Scheme. Additional one-off funding of £2.7m for the pensions issue continues in 2020/21, but is uncertain after that.

The potential impact from Covid-19 now adds an additional layer of complexity to this already uncertain picture. We will be much clearer about what this looks like as we progress through the 2020/21 financial year, and when more information becomes available. The economic shock of the pandemic will undoubtedly impact on the amount of funding that we receive through business rates and council tax receipts, as well as other sources of income. We can expect to see costs increasing in certain areas, such as property repairs and maintenance contracts. The Government has already announced further delays to the Fair Funding Review and the introduction of changes to the business rates retention scheme. It is not yet clear whether the planned Spending Review will take place or whether there will be a further one-year rollover local government finance settlement. The impact post-Brexit is still not clear, further complicating the medium-term outlook. Despite these issues the Authority has a good track record of sound financial management and is well prepared to meet the challenges that it faces in the immediate future, and longer term.

## 12 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](http://dwfire.org.uk)).

## Statement of Significant Accounting Policies

### 1 General principles

The general principles adopted in compiling the accounts of the Authority are in accordance with the recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA). They are contained in the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code), which is based on International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS). This Code constitutes a 'proper accounting practice' under the terms of section 21(2) of the Local Government Act 2003. The accounts are prepared on a going concern basis.

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 2020 must be disclosed.

### 2 Measurement bases

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

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

### 3 Accruals

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

## Statement of Significant Accounting Policies

### 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

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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.

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

## Statement of Significant Accounting Policies

### 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 Material 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 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.

Financial liabilities (long-term loans) are initially measured at fair value and carried at their amortised cost. Annual charges to revenue for interest payable are based on the carrying amount multiplied by the effective rate of interest. As the Authority has borrowed solely from the Public Works Loan Board (PWLB), which does not charge significant transaction costs or involve complicated interest structures, all loans are recognised in the Balance Sheet at the principal amount when the loan is taken out. Amortised cost is the outstanding principal, whether the repayment is by maturity, annuity or equal instalments of principal. Loans repayable within a year are shown under current liabilities.

## Statement of Significant Accounting Policies

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

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

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

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

Interest costs and receipts are reported in the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement in the period to which they relate. The cash flows for interest are shown separately in Note 10.

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.

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

### 10 Foreign currency

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



## 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 (Note 12). Once related capital expenditure has been incurred the sums are finally transferred to the Capital Adjustment Account to reflect the application of capital resources to finance capital expenditure. Unapplied grants for revenue purposes are transferred back to the Comprehensive Income and Expenditure Statement as relevant expenditure is incurred in later years.

### 12 Intangible assets

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

### 13 Inventories

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

### 14 Finance leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Property, plant and equipment held under finance leases are included in the Balance Sheet at the commencement of a lease at their fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). Assets held under finance leases are depreciated in the same manner as other assets, except where the lease term is used when this is shorter than the expected life of the

## Statement of Significant Accounting Policies

asset. The asset recognised is matched by a liability for the obligation to pay the lessor. The annual rental is divided into a reduction of the 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.

### 15 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 over the life of a lease on a straight-lines basis, and there is no value for these assets in the Balance Sheet.

### 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 current value is interpreted as the amount that would be paid for the asset in its highest or best use, i.e. market value, and these assets are valued at the lower of the carrying amount and fair value less costs to sell.

## Statement of Significant Accounting Policies

They are not depreciated or amortised. Assets which are not expected to be sold, but will be scrapped or abandoned, continue to be counted as property, plant and equipment until they are scrapped or abandoned.

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

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

### 19 Overheads

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

### 20 Property, plant and equipment

#### a 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. Vehicles are counted as separate assets regardless of their individual cost. If different parts of an asset have significantly different estimated lives, the separate components will be treated as if they were individual assets.

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.

## Statement of Significant Accounting Policies

### b Valuation

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

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

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

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

### c Impairment and other reductions in value

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

### d Derecognition

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

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

### e Depreciation

All assets except land are depreciated over their expected useful lives. Land is excluded because it is deemed to have an unlimited useful life. Depreciation ceases if an asset is reclassified as held for sale or otherwise derecognised. Accumulated depreciation is written out on revaluation of an asset. The sum to be depreciated is the current value less the residual value. Residual values are based on prices

## Statement of Significant Accounting Policies

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, vehicles over 4 to 20 years and plant and equipment over 3 to 23 years. Where experience has shown that assets may last for a longer or shorter period, other estimated lives may be used, following advice from the valuers or officers in the ICT and other departments. Components of an asset may be depreciated over different estimated useful lives.

### 21 Provisions

A provision relates to a liability, or loss, that is likely to be incurred but where there is uncertainty as to the size and timing of the liability. Its purpose must be specific and it is charged to the Comprehensive Income and Expenditure Statement, where the expenditure would have been incurred. If it becomes clear that a provision, or part of it, is no longer required, then the excess amount is credited back to the Comprehensive Income and Expenditure Statement. If no reliable estimate can be made, then no provision is recognised and the liability is shown as a contingent liability.

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

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

### 22 Reserves

The Authority holds reserves to guard against unforeseen and unbudgeted expenditure. These usable reserves include the General Fund and unused grants. Part of the General Fund has been earmarked for specific purposes. Details of individual earmarked reserves are shown in Note 12 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 13 to the Financial Statements.

## Statement of Significant Accounting Policies

### 23 Value Added Tax (VAT)

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

### 24 Pensions

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

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

Corporate staff, fire control staff and some uniformed officers are eligible for membership of the Local Government Pension Scheme (LGPS). From 1 November 2018 all members of staff participating in the LGPS have been members of the Wiltshire Pension Fund and Wiltshire Council is responsible for administering the scheme. Prior to that date, members of staff participated in either the Dorset County Pension Fund or the Wiltshire Pension Fund.

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

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

## Statement of Significant Accounting Policies

### 25 Council Tax and Non-Domestic Rates

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

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

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

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

### 26 Apprenticeship Levy

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

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

## Statement of Responsibilities for the Statement of Accounts

### The Authority's responsibilities

The Authority is required to :

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

### The Treasurer's responsibilities

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

In preparing this Statement of Accounts, the Treasurer has:

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

The Treasurer has also:

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

I certify that the Statement of Accounts give 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 2020.



**Ian Cotter**

Treasurer

16 December 2020



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

### Report on the Audit of the Financial Statements

#### Opinion

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

- ◆ give a true and fair view of the financial position of the Authority as at 31 March 2020 and of its 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 2019/20.

We have audited the financial statements which comprise:

- ◆ the Comprehensive Income and Expenditure Statement;
- ◆ the Balance Sheet;
- ◆ the Movement in Reserves Statement;
- ◆ the Cash Flow Statement;
- ◆ the Firefighters' Pension Fund Account on pages 93 to 94;
- ◆ the related notes to the financial statements including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2019/20.

#### Basis for opinion

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

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

### **Emphasis of matter - material uncertainty related to the valuation of land and buildings**

We draw attention to Note 2 and Note 5, which describe the effects of the uncertainties created by the coronavirus (COVID-19) pandemic on the valuation of the Authority's property portfolio.

As noted by the Authority's external valuer, the pandemic has caused extensive disruptions to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the valuation of the property portfolio at the balance sheet date.

Our opinion is not modified in respect of this matter.

### **Conclusions relating to going concern**

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

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

We have nothing to report in respect of these matters.

### **Other information**

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

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

We have nothing to report in respect of these matters.

## **Treasurer's responsibilities**

As explained more fully in the Treasurer's responsibilities statement, the Treasurer is responsible for: the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

## **Report on Other Legal and Regulatory Matters**

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

### **Conclusion**

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in April 2020, we are satisfied that, in all significant respects, Dorset & Wiltshire Fire and Rescue Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

### **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 April 2020, 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 2020.

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

### **Certificate of Completion of the Audit**

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

### **Use of our report**

This report is made solely to the Members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.



**Michelle Hopton, FCA (Appointed auditor)  
for and on behalf of Deloitte LLP**

Bristol, United Kingdom  
17 December 2020

## Expenditure and Funding Analysis 2019/20

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).

2018/19 (Prior year)	Net Expenditure General Fund * £000s	Adjustments			Total £000s	Net Expenditure in the CIES £000s
		Capital £000s	Pensions £000s	Other £000s		
Employees	43,846		15,378	16	15,394	59,240
Premises	3,781				0	3,781
Transport	1,391			9	9	1,400
Supplies and Services	5,650			-595	-595	5,055
Agency and Contracted Out Services	2,403			-675	-675	1,728
Democratic Representation	89				0	89
Capital Financing and Leasing	7,031	-3,008			-3,008	4,023
Income	-5,225	117		1,602	1,719	-3,506
<b>Net Cost of Services</b>	<b>58,966</b>	<b>-2,891</b>	<b>15,378</b>	<b>357</b>	<b>12,844</b>	<b>71,810</b>
Other Income and Expenditure	-54,526	743	5,483	-40	6,186	-48,340
<b>Surplus (-) or Deficit (+)</b>	<b>4,440</b>	<b>-2,148</b>	<b>20,861</b>	<b>317</b>	<b>19,030</b>	<b>23,470</b>
<b>Opening General Fund* Balance at 1 April 2018</b>	<b>-22,298</b>					
Surplus or Deficit on the General Fund in the year	4,440					
<b>Closing General Fund* Balance at 31 March 2019</b>	<b>-17,858</b>					

\* General Fund includes Earmarked Reserves

## Expenditure and Funding Analysis 2019/20

2019/20 (Current year)	Net Expenditure General Fund * £000s	Adjustments			Total £000s	Net Expenditure in the CIES £000s
		Capital £000s	Pensions £000s	Other £000s		
Employees	46,483		3,151	-67	3,084	49,567
Premises	3,892				0	3,892
Transport	1,439			-4	-4	1,435
Supplies and Services	5,392			-427	-427	4,965
Agency and Contracted Out Services	2,283			-662	-662	1,621
Democratic Representation	100				0	100
Capital Financing and Leasing	4,132	-706			-706	3,426
Income	-7,691	42		1,336	1,378	-6,313
<b>Net Cost of Services</b>	<b>56,030</b>	<b>-664</b>	<b>3,151</b>	<b>176</b>	<b>2,663</b>	<b>58,693</b>
Other Income and Expenditure	-55,845	677	5,757	196	6,630	-49,215
<b>Surplus (-) or Deficit (+)</b>	<b>185</b>	<b>13</b>	<b>8,908</b>	<b>372</b>	<b>9,293</b>	<b>9,478</b>
<b>Opening General Fund* Balance at 1 April 2019</b>	<b>-17,858</b>					
Surplus or Deficit on the General Fund in the year	185					
<b>Closing General Fund* Balance at 31 March 2020</b>	<b>-17,673</b>					

\* General Fund includes Earmarked Reserves

## Expenditure and Funding Analysis 2019/20

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

Adjustments related to pensions are more fully explained in Note 22b. 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 18).
- ◆ Collection Fund adjustments (Note 13d).
- ◆ Adjustments relating to short-term accumulating absences (Note 13e).
- ◆ Transfers to or from usable reserves during the year, which are not included in the cost of services in the CIES.



## Comprehensive Income and Expenditure Statement 2019/20

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.

2018/19			2019/20		
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
59,240	0	59,240	49,567	0	49,567
3,781	0	3,781	3,892	0	3,892
1,400	0	1,400	1,435	0	1,435
5,056	0	5,056	4,965	0	4,965
1,727	0	1,727	1,621	0	1,621
89	0	89	100	0	100
4,023	0	4,023	3,426	0	3,426
0	-3,506	-3,506	0	-6,313	-6,313
75,316	-3,506	71,810	65,006	-6,313	58,693
304	0	304	200	0	200
0	-8,696	-8,696	0	-7,962	-7,962
304	-8,696	-8,392	200	-7,962	-7,762
		1,100			1,107
		14,180			13,719
		-53			-63
		15,227			14,763



## Movement in Reserves Statement 2019/20

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.

2018/19 (Prior year)	General Fund*	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves	See Notes
	£000s	£000s	£000s	£000s	£000s	
<b>Balance at 1 April 2018</b>	-22,298	-1,103	-23,401	555,369	531,968	
<b>Movement in reserves during 2018/19</b>						
Deficit on provision of services	23,470	0	23,470	0	23,470	
<u>Other Comprehensive Income and Expenditure</u>						
Movement in Pensions Reserve	0	0	0	-6,099	-6,099	22b
(Surplus)/Deficit on Revaluation of Non-Current Assets	0	0	0	-1,785	-1,785	13a
Total Comprehensive Income and Expenditure	23,470	0	23,470	-7,884	15,586	
<b>Adjustments between accounting basis and funding basis under regulations</b>						
<u>Reversal of items in the CIES</u>						
Depreciation and amortisation	-3,749	0	-3,749	3,749	0	5/6
Revaluation losses and reversal of previous losses	-381	0	-381	381	0	5/6
Net gain or loss on sale of non-current assets	-304	0	-304	304	0	
Retirement benefits under IAS19	-27,262	0	-27,262	27,262	0	22b
Council Tax & NNDR income adjustment	-245	0	-245	245	0	13d
Employee benefits accrual adjustment	-73	0	-73	73	0	13e

## Movement in Reserves Statement 2019/20

2018/19 (Prior year)	General Fund*	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves	See Notes
	£000s	£000s	£000s	£000s	£000s	
<u>Insertion of items not in the CIES</u>						
Minimum Revenue Provision	1,406	0	1,406	-1,406	0	19
Revenue Provision for finance leases	110	0	110	-110	0	19
Revenue Provision for Private Finance Initiative	840	0	840	-840	0	19
Employers' contributions to pension schemes and payments to pensioners	6,401	0	6,401	-6,401	0	22b
Capital expenditure charged to revenue	4,227	0	4,227	-4,227	0	19
<u>Transfers</u>						
Transfers to/(from) Capital Receipts Reserve	0	1,103	1,103	-1,103	0	12/19
<b>Total adjustments</b>	-19,030	1,103	-17,927	17,927	0	
<b>Increase or Decrease in the year</b>	4,440	1,103	5,543	10,043	15,586	
<b>Balance at 31 March 2019</b>	-17,858	0	-17,858	565,412	547,554	

\* General Fund includes Earmarked Reserves

## Movement in Reserves Statement 2019/20

2019/20 (Current year)	General Fund*	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves	See Notes
	£000s	£000s	£000s	£000s	£000s	
<b>Balance at 1 April 2019</b>	-17,858	0	-17,858	565,412	547,554	
<b>Movement in reserves during 2019/20</b>						
Deficit on provision of services	9,478	0	9,478	0	9,478	
<u>Other Comprehensive Income and Expenditure</u>						
Movement in Pensions Reserve	0	0	0	-66,677	-66,677	22b
(Surplus)/Deficit on Revaluation of Non-Current Assets	0	0	0	-1,060	-1,060	13a
Total Comprehensive Income and Expenditure	9,478	0	9,478	-67,737	-58,259	
<b>Adjustments between accounting basis and funding basis under regulations</b>						
<u>Reversal of items in the CIES</u>						
Depreciation and amortisation	-3,536	0	-3,536	3,536	0	5/6
Revaluation losses and reversal of previous losses	215	0	215	-215	0	5/6
Net gain or loss on sale of non-current assets	-290	0	-290	290	0	
Retirement benefits under IAS19	-17,959	0	-17,959	17,959	0	22b
Council Tax & NNDR income adjustment	-379	0	-379	379	0	13d
Employee benefits accrual adjustment	8	0	8	-8	0	13e

## Movement in Reserves Statement 2019/20

2019/20 (Current year)	General Fund*	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves	See Notes
	£000s	£000s	£000s	£000s	£000s	
<u>Insertion of items not in the CIES</u>						
Minimum Revenue Provision	1,389	0	1,389	-1,389	0	19
Revenue Provision for finance leases	0	0	0	0	0	19
Revenue Provision for Private Finance Initiative	858	0	858	-858	0	19
Employers' contributions to pension schemes and payments to pensioners	9,051	0	9,051	-9,051	0	22b
Capital expenditure charged to revenue	1,302	0	1,302	-1,302	0	19
Rounding adjustment	0	0	0	-1	-1	
<u>Transfers</u>						
Transfers to Capital Receipts Reserve	48	-48	0	0	0	12/19
Transfers from Capital Receipts Reserve	0	48	48	-48	0	12/19
<b>Total adjustments</b>	-9,293	0	-9,293	9,292	-1	
<b>Increase or Decrease in the year</b>	185	0	185	-58,445	-58,260	
<b>Balance at 31 March 2020</b>	-17,673	0	-17,673	506,967	489,294	

\* General Fund includes Earmarked Reserves

## Balance Sheet

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

31 March 2019			31 March 2020		See Notes
£000s	£000s		£000s	£000s	
	31,789	Property, Plant & Equipment			5
	16,212	Land & Buildings		33,558	
		Vehicles, Plant & Equipment		15,696	
	48,001			49,254	
	246	Intangible Assets		104	6
	637	Long-term Debtors		534	9
	48,884	<b>Long-term Assets</b>		49,892	
352		Inventories	435		8
7,757		Short-term Debtors	8,520		9
4,538		Cash & Cash Equivalents	6,015		10
	12,647	<b>Current Assets</b>		14,970	
-202		Short-term Borrowing	-152		7
-7,434		Short-term Creditors	-5,607		9
-813		Provisions	-875		11
0		Revenue Grants Received in Advance	-1,027		
	-8,449	<b>Current Liabilities</b>		-7,661	

## Balance Sheet

31 March 2019			31 March 2020		See Notes
£000s	£000s		£000s	£000s	
-12,608		Long-term Creditors	-11,988		9/21
-9,774		Long-term Borrowing	-14,022		7
-578,254		Net Pensions Liability	-520,485		22
	-600,636	<b>Long-term Liabilities</b>		-546,495	
	-547,554	<b>Net Assets</b>		-489,294	
-2,726		General Fund	-2,792		12
-15,132		Earmarked General Fund Reserves	-14,881		12
0		Capital Receipts Reserve	0		12
	-17,858	<b>Usable Reserves</b>		-17,673	
-3,770		Revaluation Reserve	-4,830		13a
-8,763		Capital Adjustment Account	-8,750		13b
578,254		Pensions Reserve	520,485		13c
-525		Collection Fund Adjustment Account	-146		13d
216		Short-term Accumulating Compensated Absences Account	208		13e
	565,412	<b>Unusable Reserves</b>		506,967	
	547,554	<b>Total Reserves</b>		489,294	



## 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.

2018/19			2019/20		See
£000s	£000s		£000s	£000s	Notes
	23,470	<b>Net (surplus)/deficit on the provision of services</b>		9,478	
		Adjust net (surplus)/deficit on the provision of services for non-cash movements			
-3,749		Depreciation and amortisation	-3,536		
-264		Change in valuations of fixed assets	45		
1,123		(Increase)/decrease in creditors	1,110		
-1,157		Increase/(decrease) in debtors	-294		
125		Increase/(decrease) in inventories	82		
75		(Increase)/decrease in provisions	-46		
-20,861		(Increase)/decrease in pension liability	-8,908		
-530		Other non-cash items charged to the net surplus or deficit on the provision of services	-253		
	-25,238	Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities		-11,800	
	117	Proceeds from the sale of property, plant and equipment		90	
	-1,651	<b>Net cash flows from operating activities</b>		-2,232	10

## Cash Flow Statement

2018/19			2019/20		See Notes
£000s	£000s		£000s	£000s	
		<b>Investing activities</b>			
5,404		Purchase of property, plant, equipment and intangibles	4,423		
0		Purchase of short-term investments	3,000		
-117		Proceeds from sale of property, plant and equipment	-90		
-3,000		Proceeds from short-term investments	-3,000		
	2,287	<b>Net cash flows from investing activities</b>		4,333	
		<b>Financing activities</b>			
		Cash payments for the reduction of outstanding liabilities			
109		- Finance lease	0		
632		- Private Finance Initiative	620		
0		Receipts from new long-term borrowing	-4,400		
782		Repayments of long-term borrowing	202		
	1,523	<b>Net cash flows from financing activities</b>		-3,578	
	2,159	<b>Net (increase)/decrease in cash and cash equivalents</b>		-1,477	
	6,697	<b>Cash and cash equivalents at the beginning of the year</b>		4,538	
	4,538	<b>Cash and cash equivalents at the end of the year</b>		6,015	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 2019/20 were:

- ◆ There remains a high degree of uncertainty about future levels of Government funding for fire and rescue services. The level of uncertainty is now further increased by the unknown impact post-Brexit and the potential economic fallout of the Covid-19 pandemic. Additional short-term funding has been provided to assist the response to Covid-19, but the full longer-term impact is not yet known.
- ◆ At this point in time the Authority does not believe that this 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 collaboratively with two other Fire and Rescue Authorities in the Networked Fire Services Partnership (NFSP), which provides a collaborative approach to the provision of fire control services. Each service has retained its own control room, but significant benefits are being gained from working together. The NFSP has been accounted for as a joint operation as each partner authority uses its own assets and other resources. 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 the partners on an agreed basis. Further details are shown in Note 18.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made based on past experience, current trends and other relevant factors. As some balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are set out below.

- ◆ The actuary has provided an assessment of the effect of changes in the assumptions used in estimating the pensions assets and liabilities included in the Accounts according to the requirements of IAS 19. This is reported in Note 22f.

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

#### Court of Appeal Ruling in McCloud/Sargent case

Two pensions-related employment tribunal cases were brought against the Government regarding possible discrimination due to the implementation of transitional protection after the introduction of the revised 2015 public service pension schemes from 1 April 2015. The claimants challenged the transitional protection arrangements on the grounds of direct age discrimination, equal pay and indirect gender and race discrimination.

## Notes to the Financial Statements

In December 2018, the Court of Appeal ruled that the transitional protection offered to some members as part of the reforms amounts to unlawful discrimination. On 27 June 2019 the Supreme Court denied the Government's request for an appeal, and on 15 July 2019 the Government released a statement to confirm that it expects to have to amend all public service schemes.

An allowance of £9.833m (£9.623m Firefighters' Scheme and £210k LGPS) was made for this judgement in the Employer's IAS19 disclosure at 31 March 2019. This allowance was made on the assumption that all those who were previously members of a final salary scheme will remain in that scheme and only new staff joining after 1 April 2015 join the 2015 CARE scheme.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to the unfunded public sector pension scheme benefits in response to the cases. The consultation closed on 11 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published.

The proposed remedy will apply to those members that were in active service on or prior to 31 March 2012 and on or after 1 April 2015. These members are then to choose in which scheme they are to accrue benefits over this remedy period. It is yet to be decided whether members will have to make this decision a year or two after 31 March 2022 or at retirement. From 1 April 2022, everyone is assumed to accrue benefits in the CARE scheme. The actuary was requested to revise their allowance for McCloud in line with this consultation and this has resulted in a change to the past service costs shown for 2019/20. The overall change was a reduction of £2.1m and the past service costs for 2019/20 now shows a reduction of £1.6m.

Given the uncertainty in how members' benefits will accrue over the remedy period, due to future salary increases and preferences for early/late retirement over more pension, the actuary has made assumptions in order to determine which scheme the member will choose to accrue benefits in.

The actuary calculated the estimated present value of the benefits that would accrue over the remedy period under each member's legacy and the CARE scheme and determined that the member would choose the scheme that had the highest present value. Where retirement dates differed then early retirement factors were applied to the CARE benefits to bring them in line with the assumed retirement age of the legacy scheme. Where members' legacy scheme retirement age is lower than 55 it is assumed that the member would remain in their legacy scheme.

- ◆ 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. We do not expect there to be any significant changes to useful lives in the next 12 months.
- ◆ The Authority engages an external valuer to undertake the valuation of property annually. Property assets valuations are reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Valuation - Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to the valuations than would normally be the

## Notes to the Financial Statements

case. Given the unknown future impact that COVID-19 might have on the real estate market, valuation will need more frequent future review. Given current circumstances we do not expect any significant market evidence to be available until later in 2020 at the earliest. The impact on valuations may only be fully seen in subsequent accounts. The value of affected assets was £33.558m at 31 March 2020.

- ◆ The 'Material valuation uncertainty' also impacts on pension scheme assets held in relation to the Local Government Pension Scheme. Note 22d shows the fair value of this Authority's share of those assets as at 31 March 2020.
- ◆ 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

There are no material items of income and expenditure other than those disclosed elsewhere in these statements. For example income from grants is in Note 17, entries relating to pensions are explained in Note 22 and the financing of capital expenditure is set out in Note 19.

### 4 Events after the Balance Sheet date

Post Balance Sheet events occur between the Balance Sheet date (31 March 2020) 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.

The proposed remedy for the McCloud/Sargeant cases announced in July is considered to be a post Balance Sheet event. The pensions actuary, Barnett Waddingham, has calculated that the impact of the proposed remedy is a reduction in liability of £2.1m, as detailed in Section 6 of the Narrative Statement and Note 2 above.

There were no other such post Balance Sheet events identified before the audited accounts were authorised for issue by the Treasurer on 16 December 2020.

## Notes to the Financial Statements

### 5 Property, plant and equipment

#### A Movements on balances

2018/19 (Prior year)	Land & Buildings £000s	Vehicles £000s	Plant & Equipment £000s	Assets under Construction £000s	Total £000s
<u>Cost or valuation</u>					
At 1 April 2018	30,052	14,108	5,064	0	49,224
Additions in year	1,047	3,776	1,452	0	6,275
Revaluations	1,522	0	0	0	1,522
Derecognition due to disposals	0	-94	-897	0	-991
Reclassification to Revenue	0	0	0	0	0
Write-out depreciation on revaluation	-832	0	0	0	-832
Cost or valuation at 31 March 2019	31,789	17,790	5,619	0	55,198
<u>Depreciation</u>					
At 1 April 2018	0	-2,911	-2,087	0	-4,999
Additions in year	-832	-1,808	-964	0	-3,604
Disposals in year	0	30	544	0	574
Write-out depreciation on revaluation	832	0	0	0	832
Depreciation at 31 March 2019	0	-4,689	-2,507	0	-7,197
Net Book Value at 31 March 2019	31,789	13,101	3,112	0	48,001
<u>Nature of asset holding at 31 March 2019</u>					
Owned	24,846	13,046	3,112	0	41,003
Private Finance Initiative	6,943	0	0	0	6,943
Finance Lease	0	55	0	0	55
Net Book Value at 31 March 2019	31,789	13,101	3,112	0	48,001

## Notes to the Financial Statements

2019/20 (Current year)	Land & Buildings £000s	Vehicles £000s	Plant & Equipment £000s	Assets under Construction £000s	Total £000s
<u>Cost or valuation</u>					
At 1 April 2019	31,789	17,790	5,619	0	55,198
Additions in year	1,435	569	1,658		3,662
Revaluations	1,275	0	0		1,275
Derecognition due to disposals	0	-680	-890		-1,570
Reclassification to Revenue	0	0	0		0
Write-out depreciation on revaluation	-941	0	0		-941
Cost or valuation at 31 March 2020	33,558	17,679	6,387	0	57,624
<u>Depreciation</u>					
At 1 April 2019	0	-4,689	-2,507	0	-7,197
Additions in year	-941	-1,463	-991		-3,395
Disposals in year	0	474	806		1,280
Write-out depreciation on revaluation	941	0			941
Depreciation at 31 March 2020	0	-5,678	-2,692	0	-8,371
Net Book Value at 31 March 2020	33,558	12,001	3,695	0	49,254
<u>Nature of asset holding at 31 March 2020</u>					
Owned	26,256	12,001	3,695	0	41,952
Private Finance Initiative	7,302	0	0	0	7,302
Finance Lease	0	0	0	0	0
Net Book Value at 31 March 2020	33,558	12,001	3,695	0	49,254

## Notes to the Financial Statements

### B Revaluations

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

A valuation of a representative sample of land and buildings covering about a fifth of the property assets was carried out as at 31 March 2020 by BNP Paribas, who are RICS qualified and independent of the Authority. The valuer has advised that their valuations are subject to "material valuation uncertainty" as a result of the Covid-19 pandemic (see Note 2 for more information). Since the valuation in 2018, all properties had been remeasured by the valuer, who indicated how much of the increase or reduction in value for individual properties resulted from the change in floor areas. The results of this revaluation were applied to all properties, making allowance for the remeasurement in each case. This resulted in unrealised gains of £1.57m and revaluation losses of £464k.

In accordance with the Code, unrealised gains were posted to the Revaluation Reserve, except where they had the effect of reversing previous revaluation losses, when they were credited to the Cost of Services in the Comprehensive Income and Expenditure Statement, which had originally borne those losses. Losses at 31 March 2020 were charged against any balance for individual properties in the Revaluation Reserve, and to the Cost of Services where the balance in the Reserve was insufficient.

At the end of 2019/20, the Fleet Engineer advised that many vehicles would be kept in use for between one and five years beyond the estimated useful life as decided at the date of purchase. The effect of this change in accounting estimate was to reduce depreciation in the year by £184k, as the value of vehicles will be written down over a longer period.

### 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 2019/20, there were no specific events which caused the Authority to impair its assets.

### D Capital Commitments

At 31 March 2020, the Authority has approved a capital programme of £10.4m related to property, vehicles and equipment in 2020/21. We expect to significantly revise this programme as a result of the Covid-19 pandemic. A contract for the purchase of 19 new fire appliances, at a planned cost of £5.97m, is already in progress, but delivery timescales may now extend beyond 2020/21.



## Notes to the Financial Statements

### 6 Intangible assets

The Authority accounts for its software as intangible assets, to the extent that they are not an integral part of an IT system which is accounted for as part of Property, Plant and Equipment. The value of software may include the costs of bringing into use. All software is given a finite life by ICT staff, based on an assessment of the period that the software is expected to be of use to the Authority. The standard life of software is three years, but assets may be amortised over other periods if licences have finite lives or greater accuracy is achievable. No new intangible assets were recorded in 2018/19 or 2019/20.

2018/19 £000s		Gross Value £000s	2019/20 Amortisation £000s	Net Value £000s
395	Carrying Amount at 1 April	621	-375	246
-145	Amortisation in year	0	-142	-142
-4	Derecognition on disposal or replacement	-254	254	0
246	Carrying Amount at 31 March	367	-263	104

### 7 Financial instruments

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

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

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

## Notes to the Financial Statements

31 March 2019		Financial Instruments in the Balance Sheet	31 March 2020	
Long-term £000s	Current £000s		Long-term £000s	Current £000s
		<u>Financial Assets (Held at amortised cost)</u>		
	0	Short-term Investments		0
	4,403	Investments (Cash equivalents)		5,840
	72	Trade debtors		114
0	4,475		0	5,954
		<u>Financial Liabilities (Held at amortised cost)</u>		
-9,774	-202	Public Works Loan Board (PWLB) loans	-14,022	-152
-11,750	-858	Private Finance Initiative	-11,121	-867
0	-2,364	Trade creditors	0	-1,531
-34,990	-3,424		-25,143	-2,550

2018/19		Interest in the Comprehensive Income and Expenditure Statement	2019/20	
Charged £000s	Credited £000s		Charged £000s	Credited £000s
	-53	Investments		-63
434		PWLB loans	477	

### Fair value

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

- ◆ PWLB loans are discounted at the equivalent rate applicable at 31 March on replacement loans taken out for the period remaining on each loan
- ◆ no early repayment or impairment is recognised;
- ◆ where maturity is within 12 months, the carrying amount is assumed to approximate to the fair value;
- ◆ 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

## Notes to the Financial Statements

- ◆ other investments taken out close to the year-end and maturing within 12 months have a fair value that is the the same as the carrying amount.

The difference between the fair value of PWLB loans and the carrying amount is due to the fixed rate of interest on the loans being higher than the prevailing rates (i.e. new loan rates) at 31 March 2020. The loan rates vary between 2.13% and 4.8%. The PWLB loans are classified in level 2 of the fair value hierarchy - i.e. their fair value is based on inputs other than quoted prices that are observable for the liability, either directly or indirectly.

The fair value of the PFI liability is estimated as the price the Authority would pay to transfer the liability to another market participant on 31st March by discounting at AA corporate bond yields.

31 March 2019			31 March 2020	
Carrying amount £000s	Fair value £000s		Carrying amount £000s	Fair value £000s
-9,976	-14,568	PWLB loans	-14,174	-21,967
-12,608	-10,530	PFI liability	-11,988	-9,636
0	0	Finance lease	0	0
-22,584	-25,098	Total	-26,162	-31,603

## 8 Inventories

2018/19 Written off £000s	31 March 2019 Balance £000s		2019/20 Written off £000s	31 March 2020 Balance £000s
0	38	Vehicle Fuel	0	33
1	205	Clothing and Personal Protective Equipment	2	257
5	86	Equipment	0	113
1	23	Other	0	32
7	352	Total Inventories	2	435

## Notes to the Financial Statements

### 9 Debtors and creditors

31 March 2019			31 March 2020	
Debtors £000s	Creditors £000s		Debtors £000s	Creditors £000s
73	-2,364	Trade debtors and creditors	114	-1,531
5,031	-16,527	Related parties	4,546	-14,622
1,747	0	Prepayments	3,072	0
2,672	-678	Council Tax and Business Rates	2,672	-678
-1,241	0	Impairment allowance for doubtful debts	-1,242	0
112	-473	Other amounts	49	-542
8,394	-20,042	Total	9,211	-17,373
		Comprising -		
637	-12,608	Long-term balances	534	-11,988
7,757	-7,434	Short-term balances	8,678	-5,384
8,394	-20,042		9,212	-17,372

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

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

Prepayments are those amounts related to the 2020/21 financial year which have been processed in 2019/20. The largest element of this is the payment of Firefighters' Pensions for April, as those pensions are paid in advance (£1.2m for April 2020; £1.2m for April 2019). At 31 March 2020 prepayments also includes £1.1m for stage payments on 10 fire appliances still being built at that date.

The Council Tax and Business Rates comprise the Authority's share of arrears (debtors) and sums received in advance (creditors) by the billing authorities. The impairment allowance for doubtful debts also primarily related to Council Tax and Business Rates. These amounts are calculated or assessed by the billing authorities.

Other amounts include sums owed by or due to employees and former employees.

## Notes to the Financial Statements

### 10 Cash Flow Statement disclosures

31 March 2019		31 March 2020	
£000s	Cash and cash equivalents	£000s	
5	Cash held by the Authority	6	
4,533	Call and deposit accounts with banks	6,009	
4,538	Total cash and cash equivalents	6,015	

2018/19		2019/20	
£000s	Items included in Net cash flows from operating activities	£000s	
-69	Interest received	-63	
438	Interest paid	472	
4	Interest paid on finance leases	0	

Prior year	1 April 2018	Cash flows	Non-cash changes	31 March 2019
Changes in liabilities arising from financing activities	£000s	£000s	£000s	£000s
Long-term borrowings	-9,976	0	202	-9,774
Short-term borrowings	-782	782	-202	-202
Finance lease liabilities	-110	110	0	0
Private Finance Initiative liabilities	-13,240	632	0	-12,608
Total liabilities arising from financing activities	-24,108	1,524	0	-22,584

Current year	1 April 2019	Cash flows	Non-cash changes	31 March 2020
Changes in liabilities arising from financing activities	£000s	£000s	£000s	£000s
Long-term borrowings	-9,774	-4,400	772	-13,402
Short-term borrowings	-202	202	-771	-771
Private Finance Initiative liabilities	-12,608	620	0	-11,988
Total liabilities arising from financing activities	-22,584	-3,578	1	-26,161

## Notes to the Financial Statements

### 11 Provisions

Provision for Non-Domestic Rates Appeals	
	£000s
Balance at 1 April 2019	-720
* Share of Provisions made in 2019/20	-16
Balance at 31 March 2020	-736

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

\* Due to the current ongoing Covid-19 pandemic, billing authorities have been given an extended deadline for providing Non-Domestic Rates Appeals information. This table will be updated once the relevant information has been received from billing authorities.

Provision for Insurance Claims	
	£000s
Balance at 1 April 2019	-93
Use of reserve during 2019/20	200
Additional provision made in 2019/20	-246
Balance at 31 March 2020	-139

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 2019/20 and earlier financial years.

The total provisions (£875k) are shown in the Balance Sheet as short-term liabilities.

## Notes to the Financial Statements

### 12 Usable Reserves

	Balance 1 Apr 18 £000s	Transfers out £000s	Transfers in £000s	Balance 31 Mar 19 £000s	Transfers out £000s	Transfers in £000s	Balance 31 Mar 20 £000s
General Fund	-6,686	3,960	0	-2,726	0	-66	-2,792
Earmarked Reserves	-15,613	6,615	-6,134	-15,132	1,578	-1,327	-14,881
<b>Total General Reserves</b>	<b>-22,299</b>	<b>10,575</b>	<b>-6,134</b>	<b>-17,858</b>	<b>1,578</b>	<b>-1,393</b>	<b>-17,673</b>
Capital Receipts Reserve	-1,103	1,103	0	0	48	-48	0
<b>Total Usable Reserves</b>	<b>-23,402</b>	<b>11,678</b>	<b>-6,134</b>	<b>-17,858</b>	<b>1,626</b>	<b>-1,441</b>	<b>-17,673</b>

#### General Fund

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

#### Earmarked Reserves

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

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

#### Capital Receipts Reserve

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

## Notes to the Financial Statements

Earmarked Reserves	Balance 1 Apr 18 £000s	Transfers out £000s	Transfers in £000s	Balance 31 Mar 19 £000s	Transfers out £000s	Transfers in £000s	Balance 31 Mar 20 £000s	See note below
Ill Health Retirement	-434	32	0	-402	203	-300	-499	A
Insurance	-1,128	24	-148	-1,252	147	-166	-1,271	B
Unused grants	-4,005	1,575	-91	-2,521	731	-230	-2,020	C
Transformational Improvement	-2,083	40	-5,426	-7,469	0	-31	-7,500	D
Leadership and Training	-306	0	0	-306	0	0	-306	E
Capital Replacement	-3,960	3,790	-237	-407	0	-600	-1,007	F
Service Control	-558	0	-22	-580	144	0	-436	G
Safety Centre Matched Funding	-1,000	1,000	0	0	0	0	0	H
Leasing Rental	-666	85	0	-581	85	0	-496	I
Youth Intervention	-100	15	-210	-295	105	0	-190	J
Apprenticeships	-96	0	0	-96	72	0	-24	K
Emergency Medical Response	-200	0	0	-200	0	0	-200	L
ESMCP	-945	54	0	-891	91	0	-800	M
Other Reserves	-132	0	0	-132	0	0	-132	N
<b>Total Earmarked Reserves</b>	<b>-15,613</b>	<b>6,615</b>	<b>-6,134</b>	<b>-15,132</b>	<b>1,578</b>	<b>-1,327</b>	<b>-14,881</b>	

### Purposes of Earmarked Reserves

#### A Ill Health Retirement

Since 1 April, 2006, the Authority pays a set employers' contribution on behalf of firefighters in the Pension Scheme. All normal retirement costs are in effect paid by central government, but the cost of ill-health retirements and injury compensation granted is paid locally. In some circumstances, contributions have to be made to the Pension Scheme in three annual instalments. This reserve recognises these specific



## Notes to the Financial Statements

liabilities, and guards against the unpredictable timing and cost of events of this nature.

### **B Insurance**

Provision has been made for all known or possible insurance claims (see Note 11 above). This reserve is to cater for claims not covered by the provision.

### **C Unused Grants**

Under the Code, revenue grants and contributions are recognised in the Comprehensive Income and Expenditure Statement, provided there are no unfulfilled conditions attached to them. Transfers into this reserve represent income received in the year but not yet used to cover expenditure. Transfers out represent income received in previous years and used to cover net expenditure in the current year. An analysis of income received by way of grants, contributions and donations in the year is shown in Note 17.

### **D Transformational Improvement**

This reserve provides funding to meet costs associated with the changes that the Service needs to make in order to meet the challenge of predicted shortfalls in funding and any other new Service requirements.

### **E Leadership and Training**

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

### **F Capital Replacement**

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

### **G Service Control**

This reserve was set up to help with transition costs associated with the establishment a new Service Control centre. It continues to be used to support this aim, as well as funding some costs associated with the Networked Fire Services Partnership (NFSP) (see Note 18).

### **H Safety Centre Matched Funding**

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

### **I Leasing Rental**

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

## Notes to the Financial Statements

### **J Youth Intervention**

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

### **K Apprenticeships**

This reserve has been set up to support the continuation of apprenticeship schemes in the Service.

### **L Emergency Medical Response**

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

### **M ESMCP**

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

### **N Other Reserves**

This covers a number of smaller reserves held.

## Notes to the Financial Statements

### 13 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.

2018/19 £000s	Revaluation Reserve	2019/20 £000s
-1,985	Balance at 1 April	-3,770
-1,884	Unrealised gains on revaluation of property assets	-1,494
99	Unrealised losses on revaluation of property assets	434
0	Write-out accumulated gains on assets sold or scrapped	0
-3,770	Balance at 31 March	-4,830

#### 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.

## Notes to the Financial Statements

2018/19 £000s	Capital Adjustment Account	2019/20	
		£000s	£000s
-5,512	Balance at 1 April		-8,763
	Reversal of items relating to capital expenditure charged or credited to CIES		
3,604	Depreciation of non-current assets	3,394	
264	Revaluation gains and losses on Property, Plant and Equipment	-215	
145	Amortisation of intangible assets	142	
422	Amounts of non-current assets written out on sale or disposal	290	
4,435	Net written out as the cost of non-current assets consumed in the year		3,611
0	Rounding		-1
	Capital financing applied in the year		
-1,103	Capital Grants and Receipts applied to capital financing	-48	
-4,227	Capital expenditure charged against the General Fund	-1,302	
-1,406	Statutory provision for debt repayment	-1,389	
-840	Revenue provision in respect of Private Finance Initiative	-858	
-110	Revenue provision in respect of finance leases	0	
-7,686			-3,597
-8,763	Balance at 31 March		-8,750

### c Pensions Reserve

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

The debit balance on the Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding has been set aside by the time that the benefits

## Notes to the Financial Statements

come to be paid. Further information about pensions liabilities is given in Note 22.

2018/19 £000s	Pensions Reserve	2019/20 £000s
563,492	Balance at 1 April	578,254
-6,099	Actuarial gains or losses on pensions assets and liabilities	-66,677
27,262	Reversal of items relating to retirement benefits charged or (credited) to the CIES Deficit on the Provision of Services	17,959
-6,401	Employers' pension contributions and direct payments to pensioners payable in the year	-9,051
578,254	Balance at 31 March	520,485

### 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.

2018/19 £000s	Collection Fund Adjustment Account	2019/20 £000s
-770	Balance at 1 April	-525
	Amount by which the income credited to the CIES differs from that calculated for the year in accordance with statutory requirements	
208	Council Tax	526
37	Non-Domestic Rates	-147
-525	Balance at 31 March	-146

## 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.

2018/19 £000s	Short-term Accumulating Absences Account	2019/20	
		£000s	£000s
144	Balance at 1 April		216
-144	Settlement or cancellation of accrual made at the end of the preceding year	-216	
216	Amounts accrued at the end of the current year	208	
72	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		-8
216	Balance at 31 March		208

## 14 Members' Allowances

The total amount paid in allowances to Members in accordance with the Authority's approved scheme of Members' Allowances made under the Local Authorities (Members' Allowances) (England) Regulations 2003 was £98,775 (£86,000 in 2018/19). In addition, £5,511 was reimbursed for travelling and subsistence costs (£1,927 in 2018/19).

## Notes to the Financial Statements

### 15 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 15B and the effect of exit packages shown in Note 15C.

2018/19 No.	Remuneration band	2019/20 No.
45	£50,000 - £54,999	43
17	£55,000 - £59,999	22
21	£60,000 - £64,999	12
5	£65,000 - £69,999	2
0	£70,000 - £74,999	0
3	£75,000 - £79,999	6
1	£80,000 - £84,999	0
2	£85,000 - £89,999	0
1	£90,000 - £94,999	1
0	£95,000 - £99,999	0
1	£100,000 - £104,999	0
3	£105,000 - £109,999	0
0	£110,000 - £114,999	0
0	£115,000 - £119,999	2
0	£120,000 - £124,999	0
0	£125,000 - £129,999	1
	~	
1	£145,000 - £149,999	0
	~	
0	£155,000 - £159,999	1
	~	
1	£175,000 - £179,999	0

## 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, and the S.151 Officer. 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.

2019/20 Role	Salary, fees and allowances £	Expenses & Benefits in kind £	Total excluding pension £	Employers' pension contributions £	Total £	See note
Ben Ansell, Chief Fire Officer	159,809	163	159,972	42,829	202,801	
Deputy Chief Fire Officer	127,779	163	127,942	24,022	151,964	
Assistant Chief Officer, Community Safety	119,164	138	119,302	44,363	163,665	
Assistant Chief Officer, Service Improvement	1,821	3	1,824	488	2,312	1
Assistant Chief Officer, Service Support	119,444	0	119,444	31,748	151,192	
Director of People Services	86,346	7,578	93,924	16,271	110,195	2
Head of Financial Services & Treasurer	74,156	5,329	79,485	13,970	93,455	3
<b>Total</b>	<b>688,519</b>	<b>13,374</b>	<b>701,893</b>	<b>173,691</b>	<b>875,584</b>	



## Notes to the Financial Statements

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

- Notes: 1 The Assistant Chief Officer, Service Improvement, retired on 6 April 2019. The post was discontinued.  
 2 The Director of People Services works part-time, 32 hours per week. The full-time equivalent salary for this role is £99,421.  
 3 The Head of Financial Services and Treasurer was appointed from 1 April 2019, following the retirement of the former Director of Finance.

### 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 2019/20.

The costs include payments to redundant employees and pension strain costs payable to the Pension Fund. 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.

## Notes to the Financial Statements

2018/19			2019/20	
No.	£	Exit package cost band	No.	£
2	30,683	£0 - £20,000	5	37,500
7	193,315	£20,001 - £40,000	1	30,000
1	50,000	£40,001 - £60,000	0	0
2	189,890	£80,001 - £100,000	0	0

### 16 External audit costs

The Authority's external auditors charged £34,650 for work undertaken in 2019/20 (£34,650 in 2018/19).

## Notes to the Financial Statements

### 17 Grant income

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

2018/19 £000s		2019/20	
		£000s	£000s
	<u>Credited to the Cost of Services</u>		
-7	National Resilience Grant	-7	
-1,627	Private Finance Initiative Grant	-1,627	
0	Emergency Services Mobile Communications Programme Grant	-24	
-169	Grants and contributions towards fire prevention activities	-128	
-530	Firelink Revenue Grant	-546	
0	Firefighters' Pensions Grant	-2,703	
-297	Other grants and contributions	-589	
-2,630			-5,624
	<u>Credited to Taxation and Non-specific Grant Income</u>		
-4,493	Revenue Support Grant	-3,795	
-5,176	Non-Domestic Rates Top-up Grant	-5,290	
-969	Other non-ringfenced Government Grants	-1,012	
-10,638			-10,097
-13,268	Total credited to the Comprehensive Income and Expenditure Statement		-15,721

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 12 and in the Movement in Reserves Statement. They are excluded from this table.

### 18 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 17.

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 14. 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 senior officers are detailed in Note 15.

The Chief Fire Officer, Mr Ben Ansell, has previously been a member of the Board of Trustees of SafeWise, a charity which receives a grant from Dorset & Wiltshire Fire and Rescue Authority. Mr Ansell resigned from the Board with effect from 12 February 2020. The value of the grant paid in 2019/20 was £109k (2018/19 £129k).

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 2019/20 the partnership incurred total expenditure of £818k which was shared amongst the partners as detailed in the table below.

NFSP Costs Recovered	2018/19 £000s	2019/20 £000s
Devon & Somerset	323	250
Hampshire	344	272
Dorset & Wiltshire	445	296
<b>Total</b>	<b>1,112</b>	<b>818</b>

The Authority also incurred another £90k 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 £386k expenditure incurred by the Authority on NFSP in the year, £101k related to capital. All expenditure on the project during the year was financed by Government Grants.



## Notes to the Financial Statements

### 20 Leases

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

The leases for vehicles and equipment all reached the end of their terms by 2018/19, but two leases (four vehicles) were extended into 2019/20.

2018/19 £000s	Operating leases Vehicles and equipment	2019/20 £000s
10	Charged to the Cost of Services in the year	22
22	Future minimum lease payments Not later than one year	0
22	Total of future minimum lease payments	0
2018/19 £000s	Operating leases Property	2019/20 £000s
466	Charged to the Cost of Services in the year	374
386	Future minimum lease payments Not later than one year	374
1,486	Later than one year and not later than five years	1,209
849	Later than five years	704
2,721	Total of future minimum lease payments	2,287

The Authority acquired four fire appliances in 2009/10 under a finance lease for a ten-year term ending in June 2019. There were no lease payments outstanding at 31 March 2019 and the liability had reduced to zero. The four vehicles were still in the active fleet, and they were purchased through a third party at an agreed price at the end of the lease. This purchase is included in additions to assets in Note 5.

The net book value of the four vehicles was written down by depreciation in 2019/20, so that the value included in Note 5 is the 2019 purchase price. The original 2009 gross value (£317k) and accumulated depreciation were also written out at the end of the lease.

## Notes to the Financial Statements

31 March 2019 £	Finance lease Balance Sheet - carrying amount	31 March 2020 £
142	Net book value at start of year	55
-87	Depreciation	-55
55	Net book value at end of year	0

### 21 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.

The authority makes an agreed payment each year which comprises both fixed and variable elements. For 2019/20 the value of the authority's share of those payments was £2.45m and the Authority received £1.6m of financial support from the Ministry for Housing, Communities and Local Government in the form of a PFI grant. Payments remaining to be made under the PFI contract at 31 March 2020 are as follows:

	Payment for services £000s	Reimbursement of capital expenditure £000s	Interest £000s	Total £000s
Payable in 2020/21	950	867	595	2,412
Payable in 2 to 5 years	4,169	3,677	2,044	9,890
Payable in 6 to 10 years	6,164	5,009	1,778	12,951
Payable in 11 to 15 years	7,040	5,047	705	12,792
Total	18,323	14,600	5,122	38,045

## Notes to the Financial Statements

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable while the capital expenditure remains to be reimbursed. The liability outstanding to be paid to the contractor for capital expenditure incurred is as follows:

2018/19 £000s		2019/20 £000s
-13,240	Balance at 1 April	-12,608
-208	Capitalisation of Private Finance Initiative Assets in year	-238
840	Principal repayment in the year	858
-12,608	Balance at 31 March	-11,988



## Notes to the Financial Statements

### 22 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. From 1 November 2018 all members of staff participating in the LGPS have been members of the Wiltshire Pension Fund and Wiltshire Council is responsible for administering the scheme. Prior to that date, members of staff participated in either the Dorset County Pension Fund or the Wiltshire Pension Fund.

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

- ◆ the Firefighters' Pension Scheme (FPS) for uniformed personnel - this includes the 1992, 2006, 2015 and Modified schemes. Membership of each scheme is dependent on the personal circumstances of each member, such as whether they are a Wholetime or Retained 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. This scheme is administered on behalf of the Authority by West Yorkshire Pension Fund. Actuarial advice and support is provided by 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 Committee in Wiltshire, which includes Elected Members, employer organisations and representatives and employees. The Committee exercises the functions of an administering authority under the LGPS Regulations and makes strategic decisions about the Fund and has responsibility for running the Fund in an efficient and effective manner for the benefit of members and employers. Investments are made according to a Statement of Investment Principles. The Wiltshire Pension Board, which includes employer and member representatives, also provides an oversight role to ensure compliance with scheme regulations.

## Notes to the Financial Statements

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

The last formal valuation of the LGPS pension fund was as at 31 March 2019.

The Authority is the Scheme Manager for the FPS. A Local Pension Board, comprising Fire Authority Members, pensioner representatives and employer representatives is responsible for monitoring the performance of the pensions administrators and assisting the Authority in its Scheme Manager role, 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 that effective and efficient governance and administration takes place.

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

### **b Transactions relating to retirement benefits**

The cost of retirement benefits is recognised in the Comprehensive Income and Expenditure Statement (CIES) when they are earned by employees rather than when the benefits are actually paid as pensions. However, the charge that is required to be made against Council Tax is based on the amount payable in the year, so the real cost of retirement benefits is reversed out of the General Fund by way of the Movement in Reserves Statement (MIRS). The transactions on all of the FPS schemes are aggregated in the Accounts. The transactions made in the CIES and MIRS during the year are shown in this table.

## Notes to the Financial Statements

2018/19		Transactions in CIES and MIRS	2019/20	
Firefighters' Scheme £000s	LGPS £000s		Firefighters' Scheme £000s	LGPS £000s
		<b>Comprehensive Income and Expenditure Statement</b>		
10,021	2,159	Current service cost	10,705	4,103
9,623	247	Past service costs	-1,660	0
13,552	628	Net interest expense	13,026	693
-14,151	-1,218	Benefits paid net of contributions by scheme participants	-15,972	-1,987
19,045	1,816	Total charged or credited to the deficit on the provision of services	6,099	2,809
		<u>Other Comprehensive Income and Expenditure</u>		
		Remeasurement of the net defined benefit liability comprising:		
0	-1,296	Return on plan assets (excluding that in the net interest expense)	0	3,863
22,420	6,970	Actuarial gains/losses from changes in financial assumptions	-44,524	-9,248
-29,475	0	Actuarial gains/losses from changes in demographic assumptions	-13,106	-2,254
0	-4,718	Other experience*	0	-1,408
-7,055	956	Total charged to other comprehensive income and expenditure	-57,630	-9,047
11,990	2,772	Total charged to CIES	-51,531	-6,238
		<b>Movement in Reserves Statement</b>		
-19,045	-1,816	Reversal of net charges made to the deficit on the provision of services in accordance with the Code	-6,099	-2,809
4,579	1,822	Actual amount charged against the General Fund balance for pensions - Employers' contributions payable to the schemes	7,232	1,818

\* Other experience includes the effects of the transfer of Dorset LGPS members into the Wiltshire Pension Fund during 2018/19.

## Notes to the Financial Statements

### c Assets and liabilities in relation to retirement benefits

31 March 2019		Pensions assets and liabilities recognised in the Balance Sheet	31 March 2020	
Firefighters'			Firefighters'	
Scheme £000s	LGPS £000s		Scheme £000s	LGPS £000s
-524,930	-60	Present value of unfunded liabilities	-476,432	-54
0	-79,733	Present value of funded liabilities	0	-71,794
-25,567	0	Present value of injury liabilities	-22,534	0
0	52,036	Fair value of employer assets	0	50,329
-550,497	-27,757	Net liability arising from defined benefit obligation	-498,966	-21,519

2018/19		Reconciliation of present value of scheme liabilities	2019/20	
Firefighters'			Firefighters'	
Scheme £000s	LGPS £000s		Scheme £000s	LGPS £000s
-538,507	-72,309	Opening balance at 1 April	-550,497	-79,793
-10,021	-2,159	Current service cost	-10,705	-4,103
-9,623	-247	Past service cost	1,660	0
-13,552	-1,292	Interest cost on defined benefit obligation	-13,026	-1,955
-2,814	-368	Contributions by scheme participants	-2,794	-602
16,965	672	Benefits paid	18,766	1,695
		Remeasurement gains and losses:		
-22,420	-6,970	Changes in financial assumptions	44,524	9,248
29,475	0	Changes in demographic assumptions	13,106	2,254
0	2,880	Other experience*		1,408
-550,497	-79,793	Closing balance at 31 March	-498,966	-71,848

\* Other experience includes the effects of the transfer of Dorset LGPS members into the Wiltshire Pension Fund during 2018/19.

## Notes to the Financial Statements

2018/19		Reconciliation of the fair value of scheme assets	2019/20	
Firefighters' Scheme £000s	LGPS £000s		Firefighters' Scheme £000s	LGPS £000s
0	47,324	Opening balance at 1 April	0	52,036
0	664	Interest income on plan assets	0	1,262
2,814	368	Contributions by scheme participants	2,794	602
14,151	1,218	Employer contributions	15,972	1,987
-16,965	-672	Benefits paid	-18,766	-1,695
0	0	Transfers to/from other authorities	0	0
0	1,296	Return on assets excluding that included in net interest	0	-3,863
0	1,838	Other experience*	0	0
0	52,036	Closing balance at 31 March	0	50,329

\* Other experience includes the effects of the transfer of Dorset LGPS members into the Wiltshire Pension Fund during 2018/19.

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £520.5m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £489m.

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 2019			Analysis of fair value of scheme assets Wiltshire Council Fund	31 March 2020		
Quoted prices in active markets £000s	Prices not quoted in active markets £000s	Total £000s		Quoted prices in active markets £000s	Prices not quoted in active markets £000s	Total £000s
			Equity securities			
1,080	0	1,080	Consumer	0	0	0
804	0	804	Manufacturing	0	0	0
147	0	147	Financial institutions	0	0	0
233	0	233	Health and care	0	0	0
5,343	0	5,343	Information Technology	0	0	0
435	0	435	Other	0	0	0
8,042	0	8,042	Total equity securities	0	0	0
			Property			
0	5,458	5,458	United Kingdom	0	4,210	4,210
0	1,189	1,189	Overseas	0	1,902	1,902
0	6,647	6,647	Total property	0	6,112	6,112

## Notes to the Financial Statements

31 March 2019			Analysis of fair value of scheme assets Wiltshire Council Fund	31 March 2020		
Quoted prices in active markets £000s	Prices not quoted in active markets £000s	Total £000s		Quoted prices in active markets £000s	Prices not quoted in active markets £000s	Total £000s
			Investment Funds and Unit Trusts			
0	27,378	27,378	Equities	0	27,138	27,138
0	8,518	8,518	Bonds	0	12,946	12,946
0	919	919	Infrastructure	0	3,897	3,897
0	145	145	Other	0	10	10
0	36,960	36,960	Total Investment Funds and Unit Trusts	0	43,991	43,991
			Cash and other			
387	0	387	Cash and cash equivalents	226	0	226
0	0	0	Other	0	0	0
387	0	387	Total cash and other	226	0	226
8,429	43,607	52,036	Total scheme assets	226	50,103	50,329

## Notes to the Financial Statements

### e Basis for estimating assets and liabilities

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

31 March 2019		Principal assumptions used by the actuary	31 March 2020	
Firefighters' Scheme	Wiltshire LGPS		Firefighters' Scheme	Wiltshire LGPS
		<u>Mortality assumptions</u>		
		Longevity for current pensioners (in years)*		
21.3	22.5	Men	21.0	21.7
23.7	24.9	Women	23.1	24.0
		Longevity for future pensioners (in years) *		
23.0	24.1	Men	22.7	22.5
25.5	26.7	Women	24.9	25.5
3.5%	3.5%	Rate of inflation (Market derived RPI)	2.8%	2.8%
4.0%	2.8%	Rate of increase in salaries	3.4%	2.2%
2.5%	2.5%	Rate of increase in pensions	1.9%	1.8%
2.4%	2.4%	Rate for discounting scheme liabilities	2.4%	2.3%

\* Longevity assumptions are based on retirement at 65. Future pensioners are assumed to be age 45 as at 31 March 2020.



## 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 2020. Changes in market conditions can have a significant effect on the value of liabilities reported. For example, a reduction in the net discount rate will increase the assessed value of liabilities as a higher value is placed on benefits paid in the future. The effect of changes in financial assumptions is shown in the table.

Approximate increases - Firefighters' Schemes	Change	Employer Liability £
<u>Change in financial assumptions 2019/20</u>		
Decrease in real discount rate	0.1%	9,021
Increase in member life expectancy	1 year	9,546
Increase in rate of increase in salaries	0.1%	9,286
Increase in rate of increase in pensions (CPI)	0.1%	9,417

Approximate increases - Wiltshire LGPS	Change	Employer Liability £
<u>Change in financial assumptions 2019/20</u>		
Decrease in real discount rate	0.5%	7,748
Increase in member life expectancy	1	* see below
Increase in rate of increase in salaries	0.5%	872
Increase in rate of increase in pensions	0.5%	6,811

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

## Notes to the Financial Statements

### 23 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.

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

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

- ◆ credit risk - the possibility that other parties might fail to pay amounts due to the Authority
- ◆ liquidity risk - the possibility that the Authority might not have funds available to meet its commitments
- ◆ market risk - the possibility that financial loss might arise as a result of changes in interest rates, prices and other market conditions.

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

The Authority's Treasury Management Policy states that the successful identification, monitoring and control of risk are the prime criteria by which the effectiveness of treasury management will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

Responsibility for the implementation and monitoring of treasury management policies and practices is delegated to the Finance and 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 and call accounts with banks and other financial institutions in accordance with its Annual Investment Strategy, which gives priority to security and liquidity rather than yield.

The 2019/20 Treasury Management Policy Statement and Practices (incorporating the Annual Investment Strategy) allowed internal staff to invest surplus cash in a limited range of specified deposits, either fixed term or on call, but where the maturity was for no longer than one year. The Treasury Management Policy requires financial institutions to have a minimum short-term Fitch IBCA credit rating of F1 and a long-term rating of A. The criteria are used to derive a list of institutions which may be used, and authority is delegated to the Treasurer to vary the list and limits as circumstances dictate. The listings are reviewed at least quarterly. During 2019/20, investment activities continued to be constrained by the unwillingness of some institutions to accept short-term deposits for the sums available to invest. The Authority has appointed independent advisors to assist with Treasury Management, with a view to widening the range of investments in future years.

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

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

At 31 March 2019 and 2020, the Authority held no short-term investments that were not classed as cash equivalents. These short-term, highly liquid financial instruments are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The credit risks in investments have not changed since initial recognition. As the risk of default is considered to be negligible, the Authority has not estimated an amount of expected credit losses. At 31 March 2020, cash equivalents included £5.8m in call and deposit accounts with three institutions (31 March 2019 £4.4m with the same three institutions).

The Authority does not generally allow credit to its debtors, and at 31 March 2020, there were no material trade debts more than three months past their due date. The impairment allowance of £6k was set with reference to specific debtors and individual debts, not on a formula basis.

### Liquidity risk

The Authority manages its cash flow to ensure that cash is available when needed. If unexpected movements happen, there is ready access to short-term funds through the money markets. There was no need to borrow in this way in 2019/20 or in 2018/19.

## Notes to the Financial Statements

To finance that part of its capital programme not covered by grants or other resources, the Authority has borrowed exclusively from the Public Works Loan Board. Access to funds from this source is such that there is no significant risk that the Authority will be unable to finance its commitments. Liquidity risk lies rather in the maturity profile of existing debt, which could result in a significant proportion of total debt requiring replacement at a time of adverse market conditions. This risk is taken into account when deciding on terms for new borrowing.

Two new loans were taken out in 2019/20, totalling £4.4m, maturing in 2044 (£3m) and 2059 (£1.4m).

31 March 2019 £000s	Maturity profile of borrowings	31 March 2020 £000s
202	Less than one year (in Current Liabilities in Balance Sheet)	152
151	One to two years	2,153
2,797	Two to five years	681
618	Five to ten years	981
6,208	Over ten years (last date September 2059)	10,207
9,976	Total loans outstanding	14,174

The maximum maturing in any one year is £3m in 2044/45.

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 2019/20, interest rates available on investments and cash balances remained at a very low level. The Bank of England Base Rate had risen to 0.75% in August 2018 and remained unchanged until the Bank reacted to the Covid-19 pandemic by reducing the Base Rate to 0.25% and then to 0.1% in March 2020. Income from interest was £63k in 2019/20 (£53k in 2018/19). This represented a weighted average rate of 0.62% on sums invested (0.59% in 2018/19). If rates were to increase by 0.1%, this would increase income by £10k, other factors being constant.

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

## Notes to the Financial Statements

### 25 Impact of future accounting standards

The Code requires disclosure of information relating to the impact of an accounting change that will be required by standards that have been issued or amended but not yet adopted. The following new or amended standards have been introduced to the 2020/21 Code and may require a change in accounting policy with effect from 1 April 2020:

- ◆ IFRS 16 Leases implementation has been deferred by CIPFA/LASAAC until the 2021/22 Code
- ◆ Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- ◆ Annual Improvements to IFRS Standards 2015–2017 Cycle
- ◆ Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement

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

2018/19		Pension Fund Account	2019/20	
£000s	£000s		£000s	£000s
		Contributions receivable		
		From the Fire Authority		
-3,265		Contributions in relation to pensionable pay	-5,712	
-32		Other receipts	-300	
-2,813		Firefighters' contributions	-2,811	
	-6,110	Total income		-8,823
		Benefits payable		
		Pensions	12,945	
12,313		Commutation of pensions and lump sum retirement benefits	3,840	
2,493				
	14,806			16,785
	0	Transfers to other schemes		0
	14,806	Total expenditure		16,785
	8,697	Net amount payable for the year		7,962
	-6,844	Less Top-up Grant received on account for the year		-6,287
	1,853	Balance of Top-up Grant receivable		1,675

31 March 2019		Pension Fund Net Assets Statement	31 March 2020	
£000s	£000s		£000s	£000s
		Current Assets (Debtors)		
	1,853	Pension Top-up Grant receivable from the Government		1,675
	1,853	Net current assets and liabilities *		1,675

\* The net debtor at 31 March 2020 is included in the Balance Sheet figure for Short-term Debtors - Related Parties.

## Notes to the Pension Fund Accounts

### 1 Operation and Administration of the Firefighters' Pension Scheme

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

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

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

### 2 Accounting Policies

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

### 3 Future Liabilities

The Pension Fund Account takes account only of transactions for the year of account. The Net Assets Statement shows assets and liabilities as at 31 March 2020. 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 22 to the Financial Statements.

## Annual Governance Statement 2019/20

### Scope and Responsibilities

Governance is about how organisations ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

The functions and responsibilities of Fire and Rescue Authorities are set out in the Fire and Rescue Services Act 2004 which came into effect on 1 October 2004. Under this Act, every Fire and Rescue Authority must make provision, in its area for:

- ◆ Promoting fire safety
- ◆ Extinguishing fires
- ◆ Protecting life and property in the event of fires
- ◆ Rescuing people in the event of road traffic accidents
- ◆ Protecting people from serious harm, to the extent that it considers it reasonable to do so, in the event of road traffic accidents.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Authority has a Corporate Governance Policy, and this was most recently reviewed and approved by the Authority in February 2020. The policy supports us in working to the principles of the CIPFA (Chartered Institute of Public Finance and Accountancy)/SOLACE (Society of Local Authority Chief Executives) 'Delivering Good Governance in Local Government'. In preparing this Annual Governance Statement, the CIPFA/SOLACE framework is used as the benchmark or standard by which to measure against.

### The purpose of the governance framework

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

The system of internal control is a key element of the framework and is designed to manage risk to a reasonable level. It cannot eliminate risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.



## Annual Governance Statement 2019/20

### Key elements of our Governance arrangements

The key elements of our governance arrangements are based on the International Framework: Good Governance in the Public Sector, and the following seven principles:

#### **Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

Members have agreed a clear set of values underpinned by a behaviour framework. This is a core element of the performance management system and underpins their agreed development process. There is a Member 'Code of Conduct' that builds on the Seven Principles of Public Life (the Nolan Principles), and this forms part of the Members Handbook.

Members receive ethical awareness training as part of their constituent authority training programmes, and this is supplemented by the Authority. Where necessary Members are required to make a declaration of interest at each of their formal meetings as part of a standing agenda item. The Authority relies on the Standards Committees of consistent authorities to avoid inefficient working.

During 2019 officers have reviewed the Service's approach to personal reviews for staff. Our new 1-to-1 Review System will go live in 2020 and has been co-designed with our Leadership Consultancy Group, a group nominated by staff as leaders in the Service. Linked to this, a new Uniformed Promotion process has been put in place, initially for Watch Manager and Crew Manager level, and this was also co-designed with the Leadership Consultancy Group. New members of staff attend a comprehensive induction programme and complete a probation process.

Our values and behaviours framework 'RESPECT' is well communicated in public receptions and workplaces, is included in core documents, such as corporate plans, and is communicated more widely via the website and intranet.

Decision-making is guided by the values agreed by the Authority, and this is overseen by the Chair and the Monitoring Officer.

Protocols for partnership working are considered on a case-by-case basis within the framework of each partnership.

Statutory compliance remains at the centre of all planning and delivery discussions. Comprehensive assurance processes support the demonstration of this compliance. Members have referenced this within their constitution, policies and the Members' Handbook.

The roles of the key statutory officers are detailed in the Members' Handbook.

Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government occurs through an annual review against the five key principles and sub-principles within the CIPFA Statement, and assurance is given through the Annual Governance Statement.

## Annual Governance Statement 2019/20

Anti-fraud and corruption procedures exist, and an annual assurance is provided. The whistleblowing procedure is available to members of the public, employees, partners and contractors via the website. The complaints procedure is well publicised and there is a structured process of Officer and Member scrutiny.

A register of interests and a register of gifts and hospitality is also maintained. The Strategic Planning and Corporate Assurance department supports structured and well governed committee processes and legal advice is provided by Dorset Council through a Service Level Agreement. The Monitoring Officer provides legal advice to Members at each of their meetings.

Equality, Diversity and Inclusion is embedded in all of the Authority's policy statements.

### **Principle B: Ensuring openness and comprehensive stakeholder engagement**

Values that incorporate an open culture have been agreed. A local transparency code exists and is monitored by officers to ensure compliance. The Authority provides fully transparent reports that are available via its website or in hard form upon request. The Authority also produces an annual report.

The Clerk & Monitoring Officer and respective chairs ensure decision-making is open about actions, plans, resource use, forecasts, outputs and outcomes. Part II papers have been challenged by Members and moved to Part I.

Meeting report templates clearly identify rationale, risks and resources and key decisions (Part II only considered by exception).

All reports follow an agreed and structured process. Statutory officers and technical support are present at meetings to support Members in reaching their decisions. All formal meetings are supported by pre-briefings for Chairs to further enhance sound decision-making. A calendar of committee meeting dates operates and is monitored for submitting, publishing and distributing timely reports.

The priorities of the Authority have been aligned to the outcomes and success factors contained within key partnerships. Officers have a process of structured attendance at key partnerships and local democratic arrangements such as Area Boards and Localities. Officers shape and work within the partnership frameworks that exist on a case-by-case basis.

There is a good history of public consultation over significant issues affecting the community and external stakeholders. Any proposals for significant change to service delivery affecting the public will be supported by a consultation process.

The Service has a structured process of external communication with the principal mechanisms being through social media, our website and face-to-face interactions at key partnerships and local democratic arrangements. The Service has drawn upon the joint needs assessment processes that exist. An evaluation framework has been developed to strengthen this relationship.

## Annual Governance Statement 2019/20

### **Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits**

The Authority's Community Safety Plan sets a clear vision and intended outcomes. The Community Safety Plan is supported by the document 'Our approach to Integrated Risk Management Planning (IRMP)'. The Service Delivery Plan translates this through the Service, linking clear actions/projects and tasks for individual teams to key lines of enquiry, which in turn link to the key priorities via the planning, risk and performance management arrangements. Corporate plans are underpinned by the Medium Term Finance Plan (MTFP).

The Community Safety Plan sets out the longer-term direction of the Authority and the outcomes for the community. Members and Officers receive regular and structured performance reports against all aspects of its priorities. These are tailored at a local level through Local Performance and Scrutiny Committees led by Members and accessible to members of the public. All performance reports are made available via the website.

The risks of not achieving the Authority's priorities are identified and managed through Senior Officers and Members at the Finance and Audit Committee, where regular structured reports are considered and supported by the risk management systems.

The capital programme directly aligns to the Community Safety Plan. In support of longer-term planning there are number of associated plans in place (e.g. property, ICT, fleet).

An integrated property asset strategy for land and buildings has been developed in harmony with wider public thinking such as the One Public Estate initiative within Wiltshire Council. We have also developed a new Environmental Sustainability Plan, which aligns to our Asset Management Policy Statement objective to "Consider carbon reduction and environmental sustainability within our capital programme and asset management."

Our procurement procedures identify our commitment and adoption of the Public Service (Social Value) Act 2012, which ensures that pre-procurement deliberations are undertaken if there are economic, social and environmental well-being issues in connection with public services contracts.

### **Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

Members and Officers receive structured reports to support sound decision-making. Business cases outlining options for interventions are considered. All reports and considerations are aligned to the priorities of the Authority and have a risk assessment.

The Authority has a structured and robust process for strategic and operational planning. This is supported by a performance framework comprising key lines of enquiry, actions, projects and key performance indicators, and a structured process of performance review and monitoring supporting senior officer and Member decision-making.

## Annual Governance Statement 2019/20

The Service has a structured approach to internal engagement that has a clear delivery plan. This is monitored on a quarterly basis by senior officers. Internal Audit have reviewed the approach and delivery and have been very positive. Whilst media management, website and attendance at partnerships is considered good, work is ongoing to strengthen external communication and engagement.

Risk management is well developed within the Service and at the Authority. It is also a significant feature of other key partnerships. Where significant resource commitment may be needed then more careful assessment is undertaken.

Community risk is determined in consultation with Local Resilience Forums and published within the community risks registers. The Service ensures alignment, where required. An operational capability assessment is undertaken each year.

Delivery and planning arrangements are kept under constant review with regular monitoring. Key performance indicators (KPIs) operate at both corporate and departmental level and are integral to the performance management framework. An electronic performance system includes these KPIs and displays them on a daily basis to Officers and Members. The Authority receives a 6-month and 12-month performance report, with quarterly reporting through the Local Performance & Scrutiny Committees and Finance & Audit Committee.

The Service has a structured process of performance reporting. A central department is responsible for ensuring accurate and timely data to support the process. Information management systems continue to be harmonised or aligned.

The Medium-Term Finance Plan and the associated budget setting process is aligned to the Community Safety Plan, and the strategic priorities and finance seminars with Members support this.

### **Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**

The Service is engaged with a large number of local and regional partnerships to improve efficiency and effectiveness in delivering strategic priorities. These flow across all priority areas and are reviewed regularly, with key issues and opportunities discussed with Members.

The Service has strengthened its approach to workforce development and reform and succession planning, with good arrangements for monitoring and managing day-to-day needs. Identifying, developing and displaying leadership is central to the approach to organisation development.

At the request of the Authority the Local Government Association (LGA) undertook a peer review of governance arrangements in June 2019. The LGA team was led by Councillor Nick Chard, Chairman of Kent and Medway Fire & Rescue Authority.

Members approved the key areas for this peer review as:

## Annual Governance Statement 2019/20

- i. Review the effectiveness and efficiency of the current governance arrangements and structures associated with the Dorset & Wiltshire Fire and Rescue Authority;
- ii. Review the current assurance framework and supporting procedure that underpins the annual Statement of Assurance required under the Fire and Rescue National Framework for England, 2018;
- iii. Review the quality of Member and Officer relations and clarity of respective roles;
- iv. Review the scope of opportunity of Member development arrangements; and
- v. Make recommendations for strengthening the current governance arrangements.

The LGA report provided positive assurance over the Authority's governance arrangements and suggested six improvement areas for further consideration. These were taken forward to a Member working group, led by the Chair of the Authority, and resulted in an action plan for improvement. This action plan is largely delivered and is monitored on a regular basis by Officers and Members. The LGA report is available at <https://www.dwfire.org.uk/wp-content/uploads/2019/09/19-37-App-A-Report-of-the-LGA-Peer-Review.pdf>

Members and Officers regularly review, and amend as appropriate, the Scheme of Delegation, Standing Orders and Financial Regulations.

The chairs of committees attend external conferences, meetings and seminars to ensure that they have the right knowledge and understanding to drive effective decision-making.

Officers and Members are active at a national and local level to help ensure that Service and individual leaders are effective in their role. There is a good history of welcoming and responding positively to external challenge.

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) undertook their first national inspections of the Fire and Rescue Service during 2018 and 2019. This Service was inspected in the Tranche 2 inspection round, with the findings published in July 2019. Overall, the Service was rated as "Good" in all three areas of Effectiveness, Efficiency and People. Of the 45 fire and rescue services inspected only 10 received a minimum of three "Good" rating. Her Majesty's Inspector, Wendy Williams, commented in her press release:

*'Our first inspection of Dorset & Wiltshire Fire and Rescue Service has found that it is performing to a high standard in all areas'*

*'We found that the combination was well managed, and the new service is realising operational and financial benefits as a result'*

*'The residents of Dorset and Wiltshire can be confident that they are receiving a quality service'*

All the areas for improvements had already been considered by the Service and are included within the 2019/20 Service Delivery Plan and monitored monthly by Officers.

The Health and Safety Policy was reviewed in 2020 and this sets out the key requirements and expectations for the Service. The assurance

## Annual Governance Statement 2019/20

framework checks that the Service is continuing to deliver against the commitments made in our Health and Safety Policy Statement.

Our health and safety process has been inspected and assessed by the BSI and was identified as ‘an example of good practice’. The Authority has achieved the BSI 18001 accreditation across the whole Service area in 2018, and we are now working towards ISO 45001 - the 'new international standard for occupational health and safety. In addition, the Service monitors a suite of corporate indicators against a common performance tolerance through the Health, Safety and Welfare Committee, Strategic Leadership Team and the Finance & Audit Committee.

### **Principle F: Managing risks and performance through robust internal controls and strong public financial management**

Risk management arrangements are integral to all aspects of the work of Members and Officers and decision-making is supported by embedded risk assessments.

Internal Audit have reviewed our arrangements for business continuity and multi-agency response planning in 2019/20 and provided a “Substantial” assurance rating.

We have a Risk Management Procedure, aligned to the Corporate Governance Policy, and this is reviewed on a regular basis, most recently in March 2020.

To ensure that our Community Safety Plan (that incorporates our requirement to produce an Integrated Risk Management Plan) remains relevant and reflective of the wider landscape in which we operate, we undertake a biennial strategic assessment of risk. This assessment examines a range of key factors that impact on our organisation from opportunities and challenges emerging from within the fire sector and those within the wider public-sector environment. This assessment aims to highlight the strategic and operational risks we face and describes how we intend to deal with them. As well as analysing our own data, the document looks at a range of information from our partners and wider needs assessments including Police and Crime Plans, Health and Wellbeing Strategies and local authority plans.

Performance management arrangements are in place to allow strategic intent to flow down to individuals. The performance framework includes key lines of enquiry, corporate targets and key performance indicators along with key activities to continue or strengthen performance. This is detailed in the Service Delivery Plan and supported by a corporate calendar to provide clear planning, monitoring and review arrangements.

All significant decisions taken by Officers and Members follow an agreed democratic process that includes report pro formas to capture key issues.

## Annual Governance Statement 2019/20

The Authority has well-structured constitutional and democratic arrangements. These were confirmed by the LGA peer review carried out in June 2019 and regular reviews take place as part of the Internal Audit strategy.

Scrutiny and oversight operates well, with a good and open relationship between Officers and Members.

The democratic function is supported by a calendar of dates for submitting, publishing and distributing timely reports. This is overseen by the Head of Strategic Planning and Corporate Assurance, statutory officers and the Strategic Leadership Team.

A comprehensive assurance framework is in place to support the Statement of Assurance required under the Fire and Rescue Service National Framework and this Annual Governance Statement, required under the Accounts and Audit Regulations. Supplementary assurance statements in key areas of the Service support these frameworks. These arrangements are being further strengthened from 2020, aligned to revised and updated policy statements. In line with good governance practice, the Authority reviews its policy statements on a biennial basis. For this latest review we have aligned the updated statements to the HMICFRS methodology to build the inspection process into business as usual to help reduce the burden of inspection.

The Authority has an established audit committee function, through the Finance & Audit Committee, with clear terms of reference. Members have received training at each meeting. The Committee complies with best practice and in line with the CIPFA guide "Audit Committees: Practical Guidance for Local Authorities and Police" (CIPFA, 2018).

The Authority has effective arrangements in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data. A clear policy and supporting procedures are in place with specific responsibilities assigned to specialist roles and an Information Governance Group to oversee these. An annual assurance statement further complements quarterly performance reporting.

The Authority has effective arrangements in place, and operates effectively, when sharing data with other bodies to support the delivery of its strategic priorities. Officers also participate in local and regional groups and have jointly supported the development of data sharing agreements.

A designated team ensures that data is accurate and timely to support performance management arrangements. Data validation occurs throughout the generation and reporting process. Our information systems migration programme is harmonising management systems to ensure that quality data is provided to Officers and Members.

The Authority has arrangements in place for ensuring effective financial management is undertaken, with an overarching Financial Management Policy. There is a history of good financial management, supported by positive External Audit opinions and value for money assessments.

## Annual Governance Statement 2019/20

### Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Members and Officers strive to ensure that reports are written in an understandable style for the intended audience. Officers have undertaken 'Plain English' training as part of the internal engagement strategy. The Community Safety Plan and website were developed with support from specialists in this area.

The Authority produces its Annual Report to support the Statement of Assurance, Annual Governance Statement and Statement of Accounts.

All annual outturns and reports are scrutinised internally, and then through Members, who formally approve them. Where improvement actions are identified they are built into the planning, performance and risk management arrangements. All reports are made available on our website at [www.dwfire.org.uk](http://www.dwfire.org.uk). Other examples include transparency reports, pay policy statements etc.

Both External Audit and Internal Audit have direct access to Members and Officers. All internal and external audit reports are available on our website and presented to the Finance & Audit Committee and any improvement actions as a result are incorporated into the performance management system and overseen by the Corporate Assurance Department and senior officers. Quarterly appraisal of performance against improvement actions is undertaken by Members.

### Review of Effectiveness

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

In addition to the annual review, all ongoing activities, including those designed to strengthen governance, are integrated into the planning, performance and risk management arrangements. The delivery of these activities is reviewed monthly by managers and at least quarterly by the Service Delivery Team and the Strategic Leadership Team. Activities to address weaknesses and ensure continuous improvement of the system are in place.

### Significant Governance Issues and Risks

The Authority has good governance arrangements in place and these are reviewed on a regular basis, including external reviews such as the LGA peer review in 2019. We do not currently have any significant governance issues of major concern.

Risks within the strategic risk register, along with any new emerging strategic risks, are reviewed on a monthly basis and managed by the



## Annual Governance Statement 2019/20

Strategic Leadership Team. The Strategic Risk Register is reported to the Finance & Audit Committee at each of its meetings. The Committee monitors risks and make recommendations to the Fire Authority when necessary.

On an annual basis, the strategic risks are reported to the Fire Authority as part of the Annual Governance Statement for the Authority.

The strategic risk register for the Authority currently contains the following risks:


- ◆ Risk 006 - Failure to secure financial sustainability that ensures and maintains effective service provision.
- ◆ Risk 009 - Failure to have a robust and financially sustainable on-call duty system to meet the needs of the Service.
- ◆ Risk 301 - Failure to protect the Service against cyber threats and attacks.
- ◆ Risk 412 - Failure to sufficiently resource potential changes to the fire safety and building safety regimes. Inquiry and subsequent reports.
- ◆ Risk 413 - Failure to appropriately plan, respond and work within the requirements and restrictions of this winter's preparedness and response.

The strategic risk register for the Authority is available on the Service website at [www.dwfire.org.uk](http://www.dwfire.org.uk) as reported at the Finance & Audit Committee.

To the best of our knowledge, the governance arrangements, as defined above and within the Authority's Corporate Governance Policy, have been effectively operating during the year. Our Internal Auditor provides an annual opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and internal control and has concluded that "There are no significant issues that Internal Audit is aware of which would require inclusion within the Annual Governance Statement."



Cllr Rebecca Knox  
Chair



Ben Ansell  
Chief Fire Officer  
& Chief Executive

## **Glossary of Terms**

### **Accounting Policies**

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

### **Accounting Standards**

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

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

### **Accruals**

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

### **Actuary & Actuarial Valuation**

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

### **Amortisation**

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

### **Amortised cost**

The basis of recording financial instruments, derived by discounting cash flows over the term. For loans at fixed interest rates, or variable rates linked to base rate, without significant transaction costs, the amortised cost should equate to the principal of the loan. This is the case for all loans borrowed from the Public Works Loan Board.

### **Assets**

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

### **Balance Sheet**

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

## Glossary of Terms

### Baseline Funding Level

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

### Budget

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

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

### Capital Adjustment Account

This account is credited with all sources of finance for capital expenditure, other than loans. One of these sources is a provision from revenue, equivalent to the minimum revenue provision. It is charged with the historical cost of acquiring, creating or enhancing property, plant and equipment, over the life of those assets, through depreciation and impairment losses. The account thus recognises the timing difference arising from the different rates at which assets are accounted for as being consumed and at which resources are set aside to finance their acquisition or enhancement.

### Capital Expenditure

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

### Capital Financing Requirement (CFR)

This comprises the value of past and current capital expenditure, less sources of financing other than borrowing.

### Capital Programme

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

### Capital Receipts

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

### Cash equivalents

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

## Glossary of Terms

### Cash Flow Statement

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

### CIPFA

The Chartered Institute of Public Finance and Accountancy.

### The "Code"

The Code of Practice on Local Authority Accounting in the United Kingdom 2019/20. 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 25 refers to the impact of accounting standards which have not yet been incorporated into the Code.

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

### Comprehensive Income and Expenditure Statement

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

### Contingent assets and liabilities

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

### Council Tax

A local tax on domestic properties introduced in 1993 to replace the Community Charge (Poll Tax). Income from Council Tax finances that part of the Authority's net spending which is not met by Government Grants or Non-Domestic Rates. The tax is collected by the four Unitary Authorities covered by our Service area: Bournemouth, Christchurch and Poole Council, Dorset Council, Swindon Borough Council and Wiltshire Council. These are known as the billing authorities. The billing authorities pay the tax into a **Collection Fund**, which records a surplus or deficit according to how much of the tax due is actually collected. The Authority issues a **precept** to each billing authority requiring them to pay to the Authority its share of the tax adjusted for the surplus or deficit on the Collection Fund.

### Creditors

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

## Glossary of Terms

### Current Assets

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

### Debtors

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

**De minimis** - see Materiality.

### Depreciation

The loss in value of an asset due to age, wear and tear, deterioration and obsolescence. An annual charge is made to the revenue account to reflect this, but an adjustment ensures that there is no effect on the Council Tax. The depreciable amount is the cost or value of an asset less its residual value. Depreciation may be regarded as the allocation of the depreciable amount over the useful life of the asset.

### Earmarked Reserves

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

### Fair Value

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

**Finance Lease** - See Lease.

### Financial Instruments

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

### General Fund (General Reserve)

The account that summarises the revenue costs of providing services that are met by the Authority's demand for Council Tax, Government Grants and other income. In the Statement, this account is included in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement. The balance is carried forward as part of the Usable Reserves in the Balance Sheet. Though usually disclosed separately, the Earmarked Reserves are earmarked parts of the General Reserve.

### Gross Expenditure

Total expenditure before deducting income.

## Glossary of Terms

### Gross Book Value

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

### Heritage Assets

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

### Historical Cost

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

### Impairment

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

### Intangible Assets

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

**International Financial Reporting Standards (IFRS)** - See Accounting Standards

### Inventories

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

### Lease

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

### Liabilities

Amounts owed by the Authority to lenders or suppliers.

## Glossary of Terms

### Materiality and de minimis

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

### Minimum Revenue Provision

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

### Minor Capital Works

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

### Movement in Reserves Statement

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

### Net Book Value (Carrying Amount)

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

### National Non-Domestic Rates (NNDR)

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

### Net Expenditure

Gross expenditure less income.

**Operating Lease** - See Lease.

### 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. The Authority has adopted a rolling programme of revaluations of its properties, so that the cost is spread evenly over the five-year period.

### Revaluation Reserve

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

### Revenue Account

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

### Revenue Expenditure

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

### Revenue Support Grant (RSG)

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

### RICS

The Royal Institution of Chartered Surveyors.

### Statement of Assurance

This is an annual statement required by the Fire and Rescue National Framework and "must provide assurance [to government, members of the public and other stakeholders] on financial, governance and operational matters".

### Treasury Deposits

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

## **Glossary of Terms**

### **Treasury Management**

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

### **True and fair view**

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

**Underspending** - See Budget.

### **Useful Life**

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

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



**DORSET & WILTSHIRE**  
**FIRE AND RESCUE**  
**AUTHORITY**



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