Wiltshire
Fire & Rescue
Service

Statement of Accounts 2013/14

Contents

Certificate for the Approval of the Statement of Accounts

I confirm that these accounts were approved by the Finance Review and Audit Committee held on 30 June 2014.

Signed on behalf of Wiltshire and Swindon Fire Authority.

Chairman of the Finance Review and Audit Committee
29 September 2014

Explanatory Foreword

1 Introduction

Wiltshire and Swindon Fire Authority provides a fire and rescue service for the geographical area of Wiltshire. This booklet, produced by the Treasurer, contains the Statement of Accounts for the Fire Authority for the year ended 31 March 2014. 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 2013/14 (the Code), published by CIPFA/LASAAC. The information contained in the Statement is of a highly technical nature, and readers may find it useful to refer to the glossary at the end of the booklet.

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

This Foreword provides a guide to the Statements that follow, describing changes in accounting policies and presentation that have occurred since the 2012/13 Statement of Accounts, explaining material items within the Accounts, comparing revenue spending to the budget which was approved 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.

2 Changes from 2012/13 to 2013/14

The introduction of new arrangements for Non-Domestic Rates has required changes to lines in the Comprehensive Income and Expenditure Statement and a revision of the related Accounting Policy. As this policy results from new arrangements at 1 April 2013, rather than a change in an existing way of presenting the accounts, it does not require the re-statement of the prior year figures.

Some of the disclosures relating to the pension schemes, particularly those in Note 28, have changed following a revision of the relevant accounting standard. In the Comprehensive Income and Expenditure Statement, the pensions interest cost and expected return on pensions assets has been removed from the Financing and Investment section and replaced by the net interest on the defined benefit liability. The effect on the comparative figures shown for 2012/13 has been an increase of £77,000 in the deficit on the provision of services, matched by a reduction in the actuarial gains and losses on pension assets and liabilities. The comparative figures for relevant lines in the Movement in Reserves Statement, Cash Flow Statement and Notes 16 c (Pensions Reserve) and 28 b have also been amended to reflect this change.

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3 Explanation of the Statements

The Statement of Accounts comprises the following elements -

◆ 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. All the policies have been reviewed and minor clarifications have been made. The policy for the treatment of Council Tax has been expanded to include the new arrangements for Non-Domestic Rates. 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 Fire Authority and the Treasurer in preparing, publishing and approving the Statement of Accounts.

◆ Independent Auditor's Report

The Statement of Accounts has been audited by KPMG LLP, whose opinion and certificate are included in this section.

◆ 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, 2013/14, with comparative information for the previous year, 2012/13, where required.

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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. Further details about all reserves, and restrictions on their use, are given in notes.

The statement adjusts the deficit on the provision of services calculated on an accounting basis to show the entries required under regulations to get back to the actual deficit for the year and the movement on each reserve. The balances on the principal reserves are shown in the table below. The balance on the General Fund has reduced as the Authority transferred £1,550,000 to earmarked Reserves in June 2013, offset by the underspending on the revenue account in 2013/14. The significance of the balance on the Pensions Reserve is explained in paragraph 8 below.

Movement in Reserves Statement	See Note	31 March 2013 £	31 March 2014 £
<u>Usable reserves</u>			
General Fund		-3,689,075	-2,236,678
Earmarked Reserves	5	-5,258,006	-5,817,213
Total usable reserves		-8,947,081	-8,053,891
<u>Unusable reserves</u>			
Pensions Reserve	28 & 16c	160,008,000	178,042,000
Reserves for accounting purposes	16	-6,306,084	-5,561,905
Total unusable reserves		153,701,916	172,480,095

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◆ Comprehensive Income and Expenditure Statement (CIES)

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

The first part of the CIES analyses the running costs of the Fire and Rescue Service in categories laid down in the Service Reporting Code of Practice. This analysis is reconciled to the management accounting presentation in Note 18. Non-distributed costs relate to past service costs in the Pensions Account.

In the taxation and general grant income section, income from non-domestic rates and a new top-up grant have replaced the former NNDR Grant.

Comprehensive Income & Expenditure Statement	See Note	2012/13 £	2013/14 £
Cost of Services			
Fire & Rescue Services		25,943,241	29,232,589
Non-distributed costs	28	200,000	60,000
Total Cost of Services	18	26,143,241	29,292,589
(Surplus)/Deficit on Provision of Services (in CIES)		3,437,318	8,914,118
Actual (increase)/decrease on the General Fund in the year (in MIRS)		-775,952	1,452,397

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◆ 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' 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 28 and later in this Foreword. The true net worth of the Authority is shown in this table by deducting the Pensions Reserve from the total Reserves. This adjusted figure matches the net assets less the pensions liability.

Balance Sheet	31 March 2013 £	31 March 2014 £
Long term assets	19,065,549	18,580,027
Current assets less current liabilities	1,399,549	-528,793
Pensions Liability	-160,008,000	-178,042,000
Other long term liabilities	-5,211,933	-4,435,438
Net (liability)/assets	-144,754,835	-164,426,204
Net worth (Total Reserves)	144,754,835	164,426,204
Net worth excluding Pensions Reserve	-15,253,165	-13,615,796

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◆ Cash Flow Statement

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

Cash Flow Statement	2012/13 £	2013/14 £
Net cash flows arising from -		
Operating activities (transactions on Revenue Account, Grants and Council Tax)	-3,206,989	-587,902
Investing activities (purchase and sale of assets, investments and capital grants)	1,517,636	743,156
Financing activities (repayment of long-term borrowing)	507,904	940,700
Net (increase)/decrease in cash and cash equivalents	-1,181,449	1,095,954

◆ Notes to the Financial Statements

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

◆ The Firefighters' Pension Fund Account and Net Assets Statement

It is unusual for an unfunded pension scheme such as the Firefighters' Scheme to have a fund, as it holds no assets that need to be ring-fenced. Instead the purpose of the Firefighters' Pension Fund is to provide a basis for identifying the balance of cash-based transactions taking place over the year and the arrangements needed to close the balance for that year. 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 accounts are shown after the other financial statements. The net cost of the pensions in the year is met by a grant from the Department for Communities and Local Government.

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Firefighters' Pensions Fund Account	2012/13 £	2013/14 £
Income - Contributions from firefighters and the Fire Authority	-2,388,005	-2,513,917
Expenditure - Pensions, commutations and transfers paid to other schemes	4,558,695	4,792,751
Net cost of pensions met by Government Grant	2,170,690	2,278,834

◆ Glossary of Terms

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

4 Signing and rounding conventions

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

5 Comparison of revenue outturn to budgets

Each year, a revenue budget is approved which matches in total the sums which will be raised by Council Tax, Government grants, and planned transfers to or from reserves. During the year of account, virements and budget adjustments are approved within this sum with any change in total budget being matched by a change in transfers to or from reserves. The actual spending on service running costs, interest payable and other operating costs, net of income from charges and contributions, is known as the outturn. The outturn is contained within the Comprehensive Income and Expenditure Statement, but does not match the format of that Statement as required by the Code.
A reconciliation is shown in Note 18. The difference between the outturn and the budget is transferred to or from the General Reserve.

In order to demonstrate the Authority's stewardship of public funds, comparisons of the outturn to the budget are shown in the next two tables, starting with comparative figures for 2012/13, then 2013/14, followed by reasons for the most significant variations in 2013/14.

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2012/13	Original Budget £	Approved Budget £	Outturn £	Variation £
Employees	19,625,600	19,707,300	18,274,490	-1,432,810
Premises	1,276,400	1,288,100	1,241,200	-46,900
Transport	735,700	745,600	738,617	-6,983
Supplies and Services	2,064,400	2,061,100	1,990,481	-70,619
Agency and Contracted Out Services	597,000	639,600	564,208	-75,392
Democratic Representation	57,800	57,800	56,937	-863
Capital Financing and Leasing	1,725,200	2,313,800	2,202,254	-111,546
Income	-1,265,700	-1,403,600	-1,494,771	-91,171
Transfers to (+) or from (-) Reserves	461,500	-131,800	-76,968	54,832
Net expenditure	25,277,900	25,277,900	23,496,448	-1,781,452

2013/14	Original Budget £	Approved Budget £	Outturn £	Variation £
Employees	19,279,200	19,720,000	19,574,345	-145,655
Premises	1,303,400	1,315,200	1,342,141	26,941
Transport	720,300	736,800	687,175	-49,625
Supplies and Services	2,189,400	2,680,400	2,572,271	-108,129
Agency and Contracted Out Services	593,300	598,000	470,636	-127,364
Democratic Representation	57,800	57,800	51,939	-5,861
Capital Financing and Leasing	1,566,400	2,330,000	2,294,020	-35,980
Income	-362,500	-844,300	-1,052,137	-207,837
Transfers to (+) or from (-) Reserves	100,000	-1,546,700	-990,793	555,907
Net expenditure	25,447,300	25,047,200	24,949,597	-97,603

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Reasons for variations in 2013/14	Variation from Budget £	£
Employees		
Savings on pay costs for Wholetime and Control employees through active management of vacancies while planning for new duty systems and other developments	-708,000	
Underspending on retained firefighters' pay and allowances	-89,000	
Net over-spending on other employee costs, agency and temporary staff, pension strain costs and ill-health retirements	192,000	
New provision for ill health pension costs	459,000	
		-146,000
Running expenses		
Reduced spending on operational equipment, furniture and office costs	-165,000	
Net savings arising from move of Control from Joint Emergency Services Centre	-92,000	
Net savings on running costs of vehicles, car allowances and leasing costs, offset by increased cost of fuel through higher consumption	-39,000	
Sum of miscellaneous variations on budgets for running expenses	-4,000	
		-300,000
Income and transfers to or from reserves		
Additional Grants and Planning Gain not included in budget, less shortfall in Firelink Grant	-98,000	
Training income from business development opportunities	-40,000	
Sales of surplus assets and other income	-69,000	
Establishment of Combined Control Contingency Reserve	500,000	
Variations in transfers to and from general and earmarked reserves	55,000	
		348,000
		-98,000

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6 Material assets acquired or liabilities incurred

Notes 6 and 7 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 24, which shows how the additions were financed in the year. The table below shows the amounts added to asset values through capital expenditure. Property assets were revalued by the Authority's Valuers as at 31 March 2014, and full details are given in Note 6.

Capital expenditure in the year	See Note	2012/13 £	2013/14 £
Enhancements to existing buildings		296,419	546,767
Refurbishment of Training Centre		244,827	208,949
Move Control to refurbished building at Headquarters		0	299,740
ICT systems and communications equipment		163,783	345,762
Replacement of breathing apparatus		451,558	270,996
Other equipment		0	61,331
Fire appliances		1,041,456	735,788
Other vehicles		716,563	225,873
Property, plant and equipment	6	2,914,606	2,695,206
Software licences (intangible assets)	7	211,085	32,074
Total capital expenditure	24	3,125,691	2,727,280

7 Material or unusual charges or credits

The Cost of Services includes a total of £1,484,859 for depreciation and amortisation charges and £1,676,387 for losses on the revaluation of property, plant and equipment assets (£1,281,393 and £0 respectively in 2012/13) shown in Notes 6 and 7. These entries are taken out of the General Fund in the Movement in Reserves Statement.

Capital Grants amounting to £868,558 were recorded as income in the Comprehensive Income and Expenditure Statement (£1,100,705 in 2012/13). These were used to finance capital expenditure in the year, so were transferred out to the Balance Sheet by way of the Movement in Reserves Statement. All grants are listed in Note 22.

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The other material items included in the Comprehensive Income and Expenditure Statement are those concerned with the notional entries that are required for pensions. These are set out and explained in Note 28. All the pensions entries that contribute to the Surplus or Deficit on the Provision of Services are reversed in the Movement in Reserves Statement. The cost in the year of employers' contributions to the various pension schemes and payments to pensioners not covered by the Government Grant is then added back (£2,999,499 in 2013/14; £2,404,191 in 2012/13).

Two material items of expenditure shown in the Movement in Reserves Statement are a charge to the General Fund - the Minimum Revenue Provision (MRP) for repayment of debt (£657,360 in 2013/14; £584,481 in 2012/13) and capital expenditure financed from the revenue account (£763,605 in 2013/14; £588,958 in 2012/13). Direct revenue financing of capital was covered by transfers from earmarked reserves as shown in Note 5, but the MRP has to be included in the revenue budget each year.

8 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 £178,042,000 at 31 March 2014, an increase of £18,034,000 since the start of the year. All the figures for pensions, except the actual contributions made by employees and the Authority, are calculated or estimated by the Actuary, who interprets the requirements of IAS 19 and other relevant accounting provisions.

Details of the transactions for pensions are set out and explained in Note 28, which also describes the nature and benefits of the three schemes to which the Authority contributes - the Firefighters' Pension Scheme (FPS), the New Firefighters' Pension Scheme (NFPS) and the Local Government Pension Scheme (LGPS), administered locally as the Wiltshire Council Fund. The FPS and the NFPS are separate schemes, but their transactions are aggregated in the Accounts.

The sum shown as the Pensions Liability represents the underlying commitment that the Authority has in the long run to pay post employment (retirement) benefits. As such, it appears in the Balance Sheet as a long term creditor. Each year, the amount of future benefits earned by current members of the schemes (the "current service cost") is charged to the Cost of Services in the Comprehensive Income and Expenditure Statement and credited to the Pensions Liability. A "past service cost" may arise if the value of future benefits earned in previous years increases due to changes in pensions policy. A past service cost has arisen each year since 2011/12 as commutation factors and assumptions have changed.

The Comprehensive Income and Expenditure Statement is also charged, in the section for "Financing income and expenditure", with net interest on the defined benefit liability on the pensions liability. The cost in 2013/14 was £7,237,000, and the 2012/13 comparative figure has been re-stated as £6,568,000, as different disclosures applied in that year. (See section 2 above). This charge is taken out of the General Fund in the Movement in Reserves Statement.

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

The Authority has appointed a firm of independent actuaries to estimate the value of the liability in relation to the Firefighters' Schemes each year based on membership data, demographic and statistical assumptions and the Code, which uses International Accounting Standard (IAS) 19 "Employee Benefits". Wiltshire Council, as the administering authority, also appoint actuaries to value the Wiltshire Council Pension Fund and the Fire Authority's share of that Fund and liability is separately identified. Both the Fire Authority and Wiltshire Council have appointed Hymans Robertson LLP as actuaries for this purpose.

9 Borrowing and other sources of funds

The Balance Sheet as at 31 March 2014 shows that outstanding debt stands at £4,700,667, of which £681,833 is repayable within a year, (£5,550,500 was outstanding at 31 March 2013, with £849,833 repayable within a year). Additionally, a finance lease has £511,266 to be repaid over the next six years, with £94,662 payable in 2014/15 (£602,132 outstanding at 31 March 2013; £90,866 repaid in 2013/14). Note 24 to the Financial Statements shows that capital spending in 2013/14 was financed by grants, reserves, revenue contributions and an increase in the underlying need to borrow. A favourable cash flow during the year, together with the receipt of grants and the underspending on the revenue account, has meant that it has proved unnecessary to borrow long terms funds during 2012/13 and 2013/14.

The Authority annually approves a Treasury Management Policy, which includes arrangements for borrowing. The current policy is to borrow from the Public Works Loan Board, the temporary money market, bank overdraft and internal balances. Access to leasing markets is also available if market conditions indicate that leasing is worthwhile. There is ready access to the Public Works Loan Board, which is part of HM Treasury, for long term loans, but account is taken of the risks of treasury management, daily cash flows, trends in interest rates, national market conditions and forthcoming maturities, when deciding whether and when to borrow, and for how long. Note 31 shows the incidence of future loan maturities.

It is possible that the Authority may need to borrow in order to finance its ongoing capital programme and debt maturities in 2014/15. The Treasury Management Policy lays down an overall limit of external borrowing at any time, including overdrafts, in accordance with CIPFA's Prudential Code. This limit is £7,961,000 in 2014/15 (£7,902,100 in 2013/14) including finance leases.

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10 Provisions, contingencies and write-offs

When it is known that payments will have to be made, but the date of payment is not certain, the Authority is able to charge the amount to the Comprehensive Income and Expenditure Statement in the year and credit a provision in the Balance Sheet. When the payment is made, it is set against the provision, and the revenue account is only charged if the provision proves insufficient. If no reliable estimate of the payment can be made, then there is a contingent liability. The revenue account then has to be charged in the year of payment, even if the liability related to an event in a past year. Contingent assets and liabilities are not shown in the Balance Sheet, as no amount can be calculated, but they are described in Notes 29 and 30.

The Balance Sheet at 31 March 2014 contains three provisions and a contingent liability. These are set out in Notes 14 and 29.

The Provision for Part Time Workers (Compensation Payments) was originally set up in 2009/10 after legal cases established that part time firefighters should not be treated less favourably than their whole time colleagues. There were delays in payment, but most compensation payments have been made, leaving £23,381 in the provision to cover the remaining liability as estimated at 31 March 2014. The provision does not cover rights of access to the pension scheme which is being handled by the Department for Communities and Local Government. It has not yet proved possible to make a reliable estimate of the cost to the Authority, so this counts as a contingent liability in the Accounts. An earmarked reserve to mitigate the future revenue effect of these pensions costs was increased from the underspending at the end of 2012/13 and is shown in Note 5.

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

As part of the revised arrangements for non-domestic rates starting on 1 April 2013, the Fire 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 £68,982 at 31 March 2014.

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

Bad Debt Provisions	31 March 2013 £	31 March 2014 £
Council Tax	-422,944	-456,944
Non-Domestic Rates	0	-21,618
Total	-422,944	-478,562

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11 Material events after the reporting date

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

After the Statement was initially approved in June 2014, the Authority was notifed that some ill health pensions paid since 2006 had been claimed from the Government in the Pension Top-up Grant but should have been met from the revenue account. The effect in 2013/14 was to increase the actual cost of pensions shown in the Movement in Reserves Statement by £81,538 for 2013/14 and £459,373 for the years from 2006 to 2013.

No other material events were identified before the Statement was approved on 29 September 2014.

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

The Authority approved the Revenue Budget and Capital Programme and set the Council Tax for 2014/15 in February 2014. For the first time in four years, there was an increase in the Council Tax, amounting to 1.99%, (from £62.38 to £63.62 per Band D equivalent). The Authority thus declined to accept the Government Grant offered to cover part of the cost of freezing the Council Tax.

Work has continued during 2013/14 to develop and implement the Strategic Transformation Programme adopted in 2011 in response to the prospective reduction in resources available. In addition, the Authority made preparations to produce a business case for a possible combination of Wiltshire and Dorset Fire Authorities, with a view to maintaining the provision of an efficient and effective service across both counties as Government grants and other sources of income reduce.

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Revenue Budget	2013/14 Outturn £	2014/15 Budget £
Employees	19,574,345	19,135,100
Premises	1,342,141	1,364,800
Transport	687,175	688,800
Supplies and Services	2,572,271	2,276,400
Agency and Contracted Out Services	470,636	382,400
Democratic Representation	51,939	57,800
Capital Financing and Leasing	2,294,020	1,498,700
Gross expenditure	26,992,527	25,404,000
Income	-1,052,137	-381,100
Transfers to (+) or from (-) Reserves (including General Fund)	-352,279	-218,700
Net expenditure	25,588,111	24,804,200
Financed by		
Government Grants	-6,373,700	-5,530,400
Baseline Funding Level (NNDR income and Top Up Grant)	-4,133,800	-4,218,400
Council Tax and Collection Fund surplus	-14,539,700	-15,055,400

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Capital Programme	2013/14 Outturn £	2014/15 Programme £
Enhancements to existing buildings	546,767	248,500
Major building refurbishment	508,689	140,000
ICT systems, software and communications equipment	377,836	710,500
Replacement of breathing apparatus	270,996	0
Other equipment	61,331	146,000
Fire appliances	735,788	1,026,000
Other vehicles	225,873	205,000
Total capital expenditure	2,727,280	2,476,000
Financed by		
Capital Grants	-868,558	-868,600
Revenue financing (matched by Reserves)	-763,605	-452,000
Borrowing	-1,095,117	-1,155,400

The Medium Term Financial Strategy for the years 2014 to 2019 was approved by the Authority in February 2014. The fundamental objectives of the strategy are:-

- to ensure that the Authority has sufficient resources to deliver against its priorities;
- to enable spending plans to be aligned to core priorities;
- to deliver value for money, efficiency and improvement;
- to provide a longer term financial plan to provide stability for future budget proposals;
- to maintain an adequate level of reserves and balances in line with the risk strategy; and
- to improve financial management.

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The current financial context of the Authority is set by the funding outcomes from the Government's spending reviews, the most recent being SR13, announced by the Chancellor in June 2013. The level of formula funding for Wiltshire shows an expected cash reduction of over £2.3 million between 2012/13 and 2015/16. Beyond that year, there is still much uncertainty and the future funding settlements will be influenced by factors including the General Election, the next Comprehensive Spending Review and decisions to be made on transforming fire services and acting on opportunities identified in the Knight Review. For planning purposes, the strategy assumes continued reductions of 5.5% p.a. from 2016/17 to 2019/20.

The conclusion drawn from the analyses in the strategy is that there will be significant financial challenges to the Service over the next four to five years. If forecast annual deficits on the revenue account continue to be met from accumulated reserves without further changes in the structure of spending or funding, then it is expected that the General Reserve could be fully used by 2016/17. As a result, the Authority is taking steps to identify ways to bridge the funding gap and ensure future financial resilience and sustainability.

13 Further information

Publications which cover the Authority's budgeting, performance and operational activity are available on the Service's website www.wiltsfire.gov.uk. Copies may also be obtained from Wiltshire and Swindon Fire Authority, Fire & Rescue Service Headquarters, Manor House, Potterne, Devizes, Wiltshire, SN10 5PP. The Annual Governance Statement and papers referred to in this Foreword as approved by the Authority can also be accessed in the same way.

Phil Chow
Treasurer

Statement of Significant Accounting Policies

1 General principles

The general principles adopted in compiling the accounts of the Fire Authority are in accordance with the recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA). They are contained in the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (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 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.

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 amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

For land and buildings, whether purchased outright or financed by leasing, fair value is the amount that would be paid for the asset in its existing use. For intangible assets, assets held for sale and financial instruments, more specific definitions of fair value are included in the relevant accounting policies.

3 Accruals

The accounts of the Fire 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 at the end of April, estimated amounts are included. If it is necessary to make significant judgements in estimating accruals, these are recorded in Note 2 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

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

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

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

6 Employee benefits

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

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.

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

8 Exceptional items and prior period adjustments

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

9 Financial instruments

The Authority invests its surplus cash balances in the short term money market, which may fall within the definition of 'cash equivalents' as described above. The Code defines a financial asset as current when the Authority expects to realise it within 12 months after the reporting period, or the asset is cash or a cash equivalent. Current financial assets also include trade receivables (debtors). All financial assets are initially measured at fair value and carried at amortised cost, but in the case of financial assets held by the Authority, amortised cost means the outstanding principal, plus interest accrued at the balance sheet date.

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

Statement of Significant Accounting Policies

10 Foreign currency

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

11 Government grants and contributions

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

Capital and Revenue Grants with outstanding unfulfilled conditions are held in the Balance Sheet as receipts in advance. 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 5). Once related capital expenditure has been incurred the sums are finally transferred to the Capital Adjustment Account to reflect the application of capital resources to finance capital expenditure. Unapplied grants for revenue purposes are transferred back to the Comprehensive Income and Expenditure Statement as relevant expenditure is incurred in later years.

12 Intangible assets

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

13 Inventories

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

Statement of Significant Accounting Policies

14 Operating leases

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

15 Finance leases

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

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

16 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. They are valued at the lower of the carrying amount and fair value less costs to sell, and 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'. 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.

Statement of Significant Accounting Policies

17 Overheads

The Cost of Services in the Comprehensive Income and Expenditure Statement includes the net total cost of all services, non-distributed costs and the costs of the Corporate and Democratic Core. Net total cost includes all expenditure and income directly attributable to the service, including depreciation charges, revaluation costs, support services and overheads, which are fully allocated to service divisions.

18 Property, plant and equipment

Valuation, recognition and derecognition

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

Donated assets are measured initially at their fair value or depreciated historic cost as appropriate for the class of asset, subject to the advice of the Authority's Valuer, Fleet Engineer or other relevant officers. The donation is shown as income in the Comprehensive Income and Expenditure Statement. After recognition in the Balance Sheet, donated assets are subject to the same accounting policies for revaluation, depreciation and derecognition as other classes of property, plant and equipment.

Once an asset has been recognised in the Balance Sheet, expenditure which enhances or replaces part of it is also recognised as adding value to it. Any replaced part is derecognised to avoid double-counting. Material component parts of an asset may be separately identified and valued, subject to a minimum cost of £10,000. Expenditure on repairs and maintenance, which may prolong the life of an asset by maintaining it in good condition, is charged to the Comprehensive Income and Expenditure Statement and not added to the value of the asset.

Non-property assets, such as vehicles and equipment, are valued on a depreciated historical cost basis, as a proxy for fair value.

It is the Authority's policy to employ professional valuers to revalue land and buildings every five years, or more often if market conditions or other circumstances require a revaluation to take place. Full valuations were undertaken as at 1 April 2009 and 31 March 2014. The most recent values have been incorporated into the 2013/14 Accounts.

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.

Statement of Significant Accounting Policies

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.

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.

Depreciation
All assets except land are depreciated over their expected useful lives. Land is excluded because it is deemed to have an unlimited useful life. Depreciation ceases if an asset is reclassified as held for sale or otherwise derecognised. Accumulated depreciation is written out on revaluation of an asset. The sum to be depreciated is the fair value less the residual value. Residual values are based on prices current a 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. The monetary effect of these changes in recorded in Notes 6 and 7.

The estimated useful lives vary in length, with buildings generally being depreciated over 60 years and vehicles over 5 to 15 years. Where experience has shown that assets may last for a longer or shorter period, other estimated lives may be used, following advice from the valuers or officers in the ICT and Logistics departments. Components of an asset may be depreciated over different estimated useful lives.

19 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.

Statement of Significant Accounting Policies

20 Reserves

The Authority is able to hold reserves to guard against unforeseen and unbudgeted expenditure. These usable reserves include the General Fund, unused Capital Receipts and Grants and a number of reserves which have been earmarked for specific purposes. Details of individual earmarked reserves are shown in Note 5 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.

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 16 to the Financial Statements.

21 Value Added Tax (VAT)

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

22 Pensions

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

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

Non-uniformed staff, and some uniformed officers, are eligible for membership of the Wiltshire Pension Fund administered by Wiltshire Council. The accounts of this Fund, which is a Local Government Pension Scheme, are published by Wiltshire Council. 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.

Statement of Significant Accounting Policies

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

23 Council Tax and Non-Domestic Rates

Under statute, the Authority issues precepts to Wiltshire Council and Swindon Borough Council (the billing authorities), which collect Council Tax on the Authority's behalf and pay it into a Collection Fund. The 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.

With effect from 1 April 2013, the Fire 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 Fire 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 Fire Authority and other preceptors. A debtor or creditor is therefore recognised between the billing authorities and the Fire Authority. The figures included in the Statement for Council Tax and Non-Domestic Rates debtors, creditors and adjustments are provided by the billing authorities.

Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities

The Authority is required to :

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

The Treasurer's responsibilities

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

In preparing this Statement of Accounts, the Treasurer has:

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

The Treasurer has also:

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

The Treasurer is required to sign and date the Statement of Accounts, stating that it gives a true and fair view of the financial position of the Authority at the accounting date and of its income and expenditure for the year ended 31 March 2014.

Phil Chow
<u>Treasurer</u>

Independent auditor's report to the Members of Wiltshire and Swindon Fire Authority

We have audited the financial statements of Wiltshire and Swindon Fire Authority for the year ended 31 March 2014 on pages 20 to 28 and 34 to 92. 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 in the United Kingdom 2013/14.

This report is made solely to the Members of the Authority, as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the Members of the Authority, as a body, those matters we are required to state 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.

Respective responsibilities of the Treasurer and auditor

As explained more fully in the Statement of the Treasurer's Responsibilities, the Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2014 and of the Authority's expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Matters on which we are required to report by exception

The Code of Audit Practice 2010 for Local Government Bodies requires us to report to you if:

- the annual governance statement which accompanies the financial statements does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters have been reported in the public interest under section 8 of the Audit Commission Act 1998 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under section 11 of the Audit Commission Act 1998; or
- any other special powers of the auditor have been exercised under the Audit Commission Act 1998.

We have nothing to report in respect of these matters.

Conclusion on Wiltshire and Swindon Fire Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

The Authority's responsibilities

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

Auditor's responsibilities

We are required under section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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 the 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 the use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2014.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects, Wiltshire and Swindon Fire Authority put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ending 31 March 2014.

Certificate

We certify that we have completed the audit of the financial statements of Wiltshire and Swindon Fire Authority in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice 2010 for Local Government Bodies issued by the Audit Commission.

Darren Gilbert

for and on behalf of KPMG LLP, Appointed Auditor

Chartered Accountants
3 Assembly Square,
Britannia Quay,
Cardiff,
CF10 4AX.

29 September 2014

Movement in Reserves Statement 2013/14

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 reserves. The 'Surplus or Deficit on the provision of services' line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). This is different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The 'Net increase/decrease before transfers to earmarked reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

* Lines marked with an asterisk have been restated for the change in accounting policy resulting from changes to IAS19 as described in Note 28.	General Fund £	Earmarked General Fund Reserves £	Total Usable Reserves £	Unusable Reserves £	Total Reserves £	See Notes
Balance at 31 March 2012	-2,913,123	-4,329,473	-7,242,596	131,518,114	124,275,518	
Movement in reserves during 2012/13						
Deficit on provision of services *	3,437,318	0	3,437,318	0	3,437,318	
Other Comprehensive Income and Expenditure						
Movement in Pensions Reserve *	0	0	0	17,042,000	17,042,000	28
Total Comprehensive Income and Expenditure	3,437,318	0	3,437,318	17,042,000	20,479,318	
Adjustments between accounting basis and funding basis under regulations						
Reversal of items in the CIES						
Depreciation and amortisation	-1,281,393		-1,281,393	1,281,393	0	6/7
Net gain or loss on sale of non-current assets	-6,662		-6,662	6,662	0	
Capital grants	1,100,705		1,100,705	-1,100,705	0	22
Retirement benefits under IAS19 *	-10,995,000		-10,995,000	10,995,000	0	28
Pensions Top-up Grant	2,331,809		2,331,809	-2,331,809	0	28
Council Tax income adjustment	-74,333		-74,333	74,333	0	16d
Employee benefits accrual adjustment	118,371		118,371	-118,371	0	16e

Movement in Reserves Statement 2013/14

	General Fund £	Earmarked General Fund Reserves £	Total Usable Reserves £	Unusable Reserves £	Total Reserves £	See Notes
Insertion of items not in the CIES						
Minimum Revenue Provision	584,481		584,481	-584,481	0	24
Revenue Provision in respect of finance leases	87,071		87,071	-87,071	0	24
Employers' contributions to pension schemes and payments to pensioners	2,404,191		2,404,191	-2,404,191	0	28
Capital expenditure charged to revenue	588,957		588,957	-588,957	0	24
Other adjustments						
Rounding	0		0	-1	-1	
Net (increase)/decrease before transfers to or from earmarked reserves	-1,704,485	0	-1,704,485	22,183,802	20,479,317	
Transfers to or from earmarked reserves	928,533	-928,533	0	0	0	5
(Increase)/decrease in the year	-775,952	-928,533	-1,704,485	22,183,802	20,479,317	
Balance at 31 March 2013	-3,689,075	-5,258,006	-8,947,081	153,701,916	144,754,835	
Movement in reserves during 2013/14						
Deficit on provision of services	8,914,118		8,914,118		8,914,118	
Other Comprehensive Income and Expenditure						
Losses on Revaluation charged to Revaluation Reserve				1,251	1,251	
Movement in Pensions Reserve			0	10,756,000	10,756,000	28
Total Comprehensive Income and Expenditure	8,914,118	0	8,914,118	10,757,251	19,671,369	

Movement in Reserves Statement 2013/14

	General Fund £	Earmarked General Fund Reserves £	Total Usable Reserves £	Unusable Reserves £	Total Reserves £	See Notes
Adjustments between accounting basis and funding basis under regulations						
Reversal of items in the CIES						
Depreciation and amortisation	-1,484,859		-1,484,859	1,484,859	0	6/7
Impairment and revaluation losses	-1,676,387		-1,676,387	1,676,387	0	
Net gain or loss on sale of non-current assets	-44,186		-44,186	44,186	0	
Capital grants	868,558		868,558	-868,558	0	22
Retirement benefits under IAS19	-12,171,000		-12,171,000	12,171,000	0	28
Pensions Top-up Grant	1,893,501		1,893,501	-1,893,501	0	28
Council Tax & NNDR income adjustment	-25,407		-25,407	25,407	0	16d
Employee benefits accrual adjustment	107,522		107,522	-107,522	0	16e
Insertion of items not in the CIES						
Minimum Revenue Provision	657,360		657,360	-657,360	0	24
Revenue Provision in respect of finance leases	90,866		90,866	-90,866	0	24
Employers' contributions to pension schemes and payments to pensioners	2,999,499		2,999,499	-2,999,499	0	28
Capital expenditure charged to revenue	763,605		763,605	-763,605	0	24
Other adjustments						
Rounding	0		0	0	0	
Net (increase)/decrease before transfers to or from earmarked reserves	893,190	0	893,190	18,778,179	19,671,369	
Transfers to or from earmarked reserves	559,207	-559,207	0	0	0	5
(Increase)/decrease in the year	1,452,397	-559,207	893,190	18,778,179	19,671,369	
Balance at 31 March 2014	-2,236,678	-5,817,213	-8,053,891	172,480,095	164,426,204	

Comprehensive Income and Expenditure Statement 2013/14

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 regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2012/13 Restated Gross Expenditure £	2012/13 Restated Gross Income £	2012/13 Restated Net Expenditure £		2013/14 Gross Expenditure £	2013/14 Gross Income £	2013/14 Net Expenditure £
			Community Fire Safety			
1,493,830	-8,357	1,485,473	Statutory Inspection, Certification & Enforcement	1,827,255	-78,547	1,748,708
2,187,611	-172,663	2,014,948	Prevention & Education	2,403,413	-215,842	2,187,571
			Firefighting & Rescue Operations			
19,647,912	-158,149	19,489,763	Operational Responses	21,997,760	-234,041	21,763,719
2,505,428	-285,823	2,219,605	Communications & Mobilising	2,937,683	-230,324	2,707,359
289,083	-1,137	287,946	Securing Water Supplies	240,049	-1,238	238,811
			Corporate & Democratic Core			
352,850	-43,233	309,617	Corporate Management	509,982	-57,237	452,745
136,596	-707	135,889	Democratic Representation & Management	134,194	-518	133,676
200,000	0	200,000	Non-distributed Costs (See Note 28)	60,000	0	60,000
26,813,310	-670,069	26,143,241	**Cost of Services**	30,110,336	-817,747	29,292,589
			Other Operating Expenditure			
		-2,838	(Gains)/Losses on Disposal of Non-Current Assets			16,196
			Financing & Investment Income & Expenditure			
		289,305	Interest payable & similar charges			255,879
		6,568,000	Net interest on the Defined Benefit Liability			7,237,000
		-57,084	Interest Income			-22,388
		6,800,221	Total			7,470,491

Comprehensive Income and Expenditure Statement 2013/14

2012/13 Restated Gross Expenditure £	2012/13 Restated Gross Income £	2012/13 Restated Net Expenditure £		2013/14 Gross Expenditure £	2013/14 Gross Income £	2013/14 Net Expenditure £
			Taxation & Non-specific Grant Income			
		-15,972,451	Council Tax Income			-14,648,832
		0	Non-Domestic Rates Income			-2,289,472
		-9,439,726	Non-Domestic Rates Grant			0
		0	Non-Domestic Rates Top Up Grant			-1,736,370
		-182,987	Revenue Support Grant			-6,213,654
		-475,628	Council Tax Freeze Grant			-159,057
		0	Other non-ringfenced Government Grants			-55,714
		-2,331,809	Pensions Top-up Grant			-1,893,501
		-1,100,705	Capital Grants & Contributions			-868,558
		-29,503,306	Total			-27,865,158
		3,437,318	**(Surplus)/Deficit on Provision of Services**			8,914,118
			Other Comprehensive Income & Expenditure			
		0	Losses on revaluation charged to Revaluation Reserve			1,251
		17,042,000	Actuarial (Gains)/Losses on Pensions Assets & Liabilities			10,756,000
		17,042,000	Total			10,757,251
		20,479,318	**Total Comprehensive Income & Expenditure**			19,671,369

Balance Sheet

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

Phil Chow
Treasurer

31 March 2013			31 March 2014		See
£	£		£	£	Notes
		Property, Plant & Equipment			6
	10,774,722	Land & Buildings		10,016,226	
	6,174,706	Vehicles		6,370,295	
	1,665,885	Plant, Furniture & Equipment		1,839,109	
	18,615,313			18,225,630	
	450,236	Intangible Assets		354,397	7
	19,065,549	**Long Term Assets**		18,580,027	
135,761		Inventories	154,994		9
1,994,481		Short Term Debtors	1,909,045		10
1,001,014		Short Term Investments	0		8
2,071,235		Cash & Cash Equivalents	975,281		11
6,992		Assets Held for Sale	1,012		12
	5,209,483	**Current Assets**		3,040,332	

Balance Sheet

31 March 2013 £	31 March 2013 £		31 March 2014 £	31 March 2014 £	See Notes
-849,833		Short Term Borrowing	-681,833		8
-2,794,066		Short Term Creditors	-2,240,894		13
-75,169		Provisions	-551,736		14
-90,866		Finance Lease Liabilities	-94,662		26
	-3,809,934	**Current Liabilities**		-3,569,125	
-511,266		Long Term Creditors - Finance Lease Liabilities	-416,604		26
-4,700,667		Long Term Borrowing	-4,018,834		8
-160,008,000		Net Pensions Liability	-178,042,000		28
	-165,219,933	**Long Term Liabilities**		-182,477,438	
	-144,754,835	**Net Assets**		-164,426,204	
-3,689,075		General Fund	-2,236,678		
-5,258,006		Earmarked General Fund Reserves	-5,817,213		5
	-8,947,081	**Usable Reserves**		-8,053,891	
-24,053		Revaluation Reserve	-4,638		16a
-6,315,807		Capital Adjustment Account	-5,508,928		16b
160,008,000		Pensions Reserve	178,042,000		16c
-160,858		Collection Fund Adjustment Account	-135,451		16d
194,634		Short Term Accumulating Compensated Absences Account	87,112		16e
	153,701,916	**Unusable Reserves**		172,480,095	
	144,754,835	**Total Reserves**		164,426,204	

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.

2012/13 Restated			2013/14		See
£	£		£	£	Notes
	3,437,318	**Net (surplus)/deficit on the provision of services**		8,914,118	
		Adjust net (surplus)/deficit on the provision of services for non-cash movements			
-1,156,447		Depreciation	-1,369,046		
0		Impairment and downward valuations	-1,675,873		
-124,946		Amortisation	-115,813		
-136,755		(Increase)/decrease in creditors	574,410		
-298,690		Increase/(decrease) in debtors	-171,209		
-26,881		Increase/(decrease) in inventories	19,233		
210,831		(Increase)/decrease in provisions	-407,585		
-6,259,000		(Increase)/decrease in pension liability	-7,278,000		
37,376		Other non-cash items charged to the net surplus or deficit on the provision of services	25,315		
	-7,754,512			-10,398,568	
		Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities			
	9,500	Proceeds from the sale of property, plant and equipment	27,990		
	1,100,705	Capital Grants	868,558	896,548	
	-3,206,989	**Net cash flows from operating activities**		-587,902	17

Cash Flow Statement

2012/13 Restated £	2012/13 Restated £		2013/14 £	2013/14 £	See Notes
		Investing activities			
3,127,841		Purchase of property, plant, equipment and intangibles	2,639,704		
2,000,000		Purchase of short term investments	3,000,000		
-9,500		Proceeds from sale of property, plant and equipment	-27,990		
-2,500,000		Proceeds from short term investments	-4,000,000		
-1,100,705		Capital Grants	-868,558		
	1,517,636	**Net cash flows from investing activities**		743,156	
		Financing activities			
87,071		Cash payments for the reduction of the outstanding liability relating to a finance lease	90,866		
420,833		Repayments of long term borrowing	849,834		
	507,904	**Net cash flows from financing activities**		940,700	
	-1,181,449	**Net (increase)/decrease in cash and cash equivalents**		1,095,954	
	889,786	**Cash and cash equivalents at the beginning of the year**		2,071,235	11
	2,071,235	**Cash and cash equivalents at the end of the year**		975,281	11

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 2013/14 were -

- The high degree of uncertainty about future Government support for local government generally and fire services in particular has been noted in the Statements of Account since 2010/11. Work has continued on projects that will enable the Authority to continue to fulfil its service obligations in future years. During 2013/14 a voluntary redundancy programme was implemented, but there is no evidence to suggest that assets may be impaired by any reduction in service provision.
- The Authority is working with three other Fire Authorities in a Networked Fire Control Services Partnership (NFCSP) project, which will provide a collaborative approach to the provision of fire control services. Each service will retain its own control room but significant benefits are expected to be gained from working together. The judgement has been made that this is a jointly controlled operation in that each partner authority uses its own assets and other resources rather than establishing a separate entity with its own financial structure. The effect of this judgement is that there has been no requirement to initiate a regime involving Group Accounts. The full financial effects of the NFCSP are included within the accounts of each partner authority, with any revenue or expenses incurred in common being shared among them under an agreed process. Further details are shown in Note 23.

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 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are set out below. The list does not include items which are carried at fair value based on recently observed market prices, such as land and buildings, for which the Authority relies on independent advice from professional valuers.

- The Authority has set aside a provision which is described in Note 14 and a related earmarked reserve which is included in Note 5. These have been set aside to meet the estimated costs of compensation for part-time workers which have been the subject of on-going legal processes. The amounts for which the provision was set up were paid out to current and former employees in 2012/13 and 2013/14. A further contribution has been made to cover remaining liabilities as estimated at 31 March 2014. It is still uncertain whether the amount in the earmarked reserve in the Balance Sheet will be sufficient to meet the revenue cost in future years and the balance was increased out of the underspending on the 2012/13 accounts.

Notes to the Financial Statements

- 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 28 g.
- The earmarked reserves listed in Note 5 include sums set aside to meet the costs of transformational improvements. During 2013/14, particular emphasis was placed on collaborative working with Dorest Fire and Rescue Service, and a decision was made by the Authority to work towards a merger of the two Services. This decision will lead to additional costs which will be covered by transfers from this reserve.

3 Material items of income and expense

The Comprehensive Income and Expenditure Statement shows items according to a prescribed form. The Cost of Services is analysed by type of service in that Statement and by type of expenditure in Note 18, which also provides a reconciliation of the Cost of Services to management information. Some material items are not explicitly shown in either of these places, though they are explained elsewhere in the Statement. For example, income from grants is in Note 22, entries relating to pensions are explained in Note 28 and the cost of redundancies and other exit packages is set out in Note 20 C.

The Cost of Services includes a total of £1,484,859 for depreciation and amortisation charges, and £1,676,387 for losses on the revaluation of property, plant and equipment assets (£1,281,393 and £0 respectively in 2012/13). None of these charges, which are analysed in Notes 6 and 7, fall on the General Fund, as they are transferred to capital reserves in the Movement in Reserves Statement.

4 Events after the Balance Sheet date

Post balance sheet events occur between the balance sheet date (31 March 2014) 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. One such event has been identified before the audited accounts were authorised for issue on 29 September 2014.

In August 2014, the accounting treatment of payments to pensioners who had been awarded ill health pensions before 2006 was clarified. It was found some of the regular payments to eleven pensioners should have been paid from the Authority's revenue account, not from the Firefighters' Pensions Fund Account. The additional cost in the revenue account for 2013/14 was £81,538. In addition, a Provision for £459,373 was set up to meet the cost of payments from 2006 to 2013. It is expected that the Government will recover the amount set aside in the Provision in 2015.

Notes to the Financial Statements

5 Transfers to and from earmarked reserves

	2012/13				2013/14			See note below
	Balance 1 Apr 12 £	Transfers out £	Transfers in £	Balance 31 Mar 13 £	Transfers out £	Transfers in £	Balance 31 Mar 14 £	
Hydrants	-56,000	0	-62,700	-118,700	0	0	-118,700	A
Collaboration	-295,001	0	0	-295,001	295,001	0	0	B
Ill Health Retirement	-748,720	62,348	0	-686,372	66,389	0	-619,983	C
Insurance	-50,000	0	0	-50,000	0	0	-50,000	D
Unused grants	-2,143,902	41,269	-93,858	-2,196,491	568,278	-82,936	-1,711,149	E
RDS - Impact of PTW Regulations	-500,000	0	0	-500,000	0	-500,000	-1,000,000	F
Transformational Improvement	-500,000	0	-500,000	-1,000,000	489,319	-1,000,000	-1,510,681	G
Mobile Data Terminals	-28,000	0	0	-28,000	28,000	0	0	H
BA Refresh	0	451,558	-700,000	-248,442	248,442	0	0	I
Training	0	0	-35,000	-35,000	0	0	-35,000	J
Major Equipment Refresh	0	0	-100,000	-100,000	0	-100,000	-200,000	K
Community Safety Innovation	0	0	0	0	0	-50,000	-50,000	L
Planning Gain	0	0	0	0	0	-21,700	-21,700	M
Combined Control Contingency	0	0	0	0	0	-500,000	-500,000	N
Other 2012/13 reserves	-7,850	139,850	-132,000	0	0	0	0	
Total	-4,329,473	695,025	-1,623,558	-5,258,006	1,695,429	-2,254,636	-5,817,213	

Notes to the Financial Statements

This table sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans (transfers in) and the amounts posted back from earmarked reserves to meet General Fund expenditure in the year (transfers out), as shown in summary in the Movement in Reserves Statement. The narrative that follows sets out the purpose of each reserve.

A Hydrants

The Fire Authority contracts with several water companies to carry out works within the County in respect of hydrants. Orders placed are not always acted upon during the period requested and may not be charged in the correct year. As a result of the late billing situation the Authority's liability for these works has become substantial. A reserve was therefore established to meet this expenditure, the balance representing the amount anticipated as owing to the water companies.

B Collaboration

This reserve was set aside to finance equipment replacement and upgrades at the Wiltshire Emergency Services Control Centre in Devizes, together with potential costs associated with the Government decision not to continue with the development of the Regional Control Centre. During 2013/14, the reserve was used to finance the removal of the Control Section to refurbished premises at Headquarters in Potterne.

C Ill Health Retirement

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

D Insurance

During 2006/07, the renegotiation of the Authority's insurance policies resulted in a significant saving on previous years' premiums and a consequent underspending in the insurance budget. This reduction in premiums did, however, rely on the Authority accepting a higher level of risk by increasing the excesses on the policy. The insurance reserve was established from the savings on insurance premiums to support this additional level of risk.

Notes to the Financial Statements

E Unused Grants

Under the Code, revenue grants and contributions are recognised in the Comprehensive Income and Expenditure Statement, provided there are no unfulfilled conditions attached to them. Transfers in to this Reserve represent income received in the year but not yet used to cover expenditure. Transfers out represent income received in previous years and used to cover net expenditure in the current year. An analysis of income received by way of grants, contributions and donations in the year is shown in Note 22.

F Retained Duty System - Impact of Part-Time Workers Regulations Reserve

This reserve was set up from the underspending at the end of 2009/10 to mitigate the effect of the Employment Tribunal's decisions relating to the pensions access rights of retained firefighters. This is in addition to the provision previously established for the compensation payable to those firefighters and referred to in Note 14. The reserve was increased out of the underspending on the revenue account at the end of 2012/13 as it became clear that the cost was likely to be greater than originally thought, although it is still not possible to make a definite provision.

G Transformational Improvement

In view of the plans and projects undertaken within the Strategic Transformation Programme, it was decided to earmark part of the underspending on the revenue account in 2010/11 to assist in the delivery of that Programme. Further funds have been added subsequently. A transfer back to revenue was made in 2013/14 to cover the costs of the voluntary redundancy programme included in Note 20 C.

H Mobile Data Terminals

This reserve was established from the underspending in 2010/11 to cover the additional recurring costs identified under a transfer of ownership of Mobile Data Terminals from the Government. These costs only became evident after the budget for 2011/12 was approved, and the reserve has been maintained to cover expenditure in future years. Expenditure was incurred during 2013/14 and the balance on the reserve was transferred to the revenue account accordingly.

I BA Refresh

This reserve was set up from the 2011/12 underspending to pay for the major refresh of Breathing Apparatus (BA), which was completed in 2013/14.

J Training

Incidental to the requirements of the Transformation Programme an additional £35,000 of staff development training was identified, for which there was insufficient budget provision in 2012/13. This new reserve was therefore set up to meet those costs. Training has now been deferred to a later date and the reserve will be carried forward for this purpose.

Notes to the Financial Statements

K Major Equipment Refresh

Within the 2012/13 revenue budget a contribution to an equipment reserve was established to which an annual contribution of £100,000 is planned, primarily to smooth over the impact of large scale replacement of equipment.

L Community Safety Innovation

The Authority undertakes a wide range of community safety activities for which annual budgetary provision is made. This reserve was established from the underspending on the 2012/13 budget to allow for urgent initiatives and specific projects to reduce risk through working with vulnerable people.

M Planning Gain

When builders of new housing and commercial developments pay contributions to Councils for infrastructure, a proportion may be passed to the Fire Authority to ensure fire cover is provided at an appropriate level. This income may be placed in this reserve to finance future expenditure.

N Combined Control Contingency

The Authority decided to approve the establishment of this reserve at its meeting in December 2013, as its share of a joint fund with Dorset Fire Authority. The purpose is to enable the setting up of a joint command and control centre with Dorset Fire and Rescue Service, to be located at the Wiltshire Fire and Rescue Service headquarters in Potterne.

Notes to the Financial Statements

6 Property, plant and equipment

A Movements on balances

2012/13 (Prior year)	Land & Buildings £	Vehicles £	Plant & Equipment £	Surplus Assets * £	Total £
Cost or valuation					
At 1 April 2012	10,874,976	7,335,139	3,624,156	168,330	22,002,601
Additions	541,246	1,758,019	615,341	0	2,914,606
Reclassifications to Assets Held for Sale	0	-123,845	0	0	-123,845
Reclassifications to Intangible Assets	0	0	-46,992	0	-46,992
Derecognition due to disposals	0	0	-19,987	-168,330	-188,317
At 31 March 2013	11,416,222	8,969,313	4,172,518	0	24,558,053
Depreciation and impairment					
At 1 April 2012	-517,659	-2,251,254	-2,170,819	-161,668	-5,101,400
Depreciation charge for the year	-123,841	-660,206	-372,400	0	-1,156,447
Reclassifications to Assets Held for Sale	0	116,853	0	0	116,853
Reclassifications to Intangible Assets	0	0	16,599	0	16,599
Derecognition due to disposals	0	0	19,987	161,668	181,655
At 31 March 2013	-641,500	-2,794,607	-2,506,633	0	-5,942,740
Net book value					
At 31 March 2013	10,774,722	6,174,706	1,665,885	0	18,615,313
At 1 April 2012	10,357,317	5,083,885	1,453,337	6,662	16,901,201

Notes to the Financial Statements

2012/13 (Prior year)	Land & Buildings £	Vehicles £	Plant & Equipment £	Surplus Assets * £	Total £
Nature of asset holding at 31 March 2013					
Owned	10,774,722	5,596,276	1,665,885	0	18,036,883
Finance lease	0	578,430	0	0	578,430
Total	10,774,722	6,174,706	1,665,885	0	18,615,313

2013/14 (Current year)	Land & Buildings £	Vehicles £	Plant & Equipment £	Surplus Assets * £	Total £
Cost or valuation					
At 1 April 2013	11,416,222	8,969,313	4,172,518	0	24,558,053
Additions	1,055,456	961,661	678,089	0	2,695,206
Revaluations	-2,455,452	-3,611	0	0	-2,459,063
Reclassifications to Assets Held for Sale	0	-14,962	0		-14,962
Derecognition due to disposals	0	-643,932	-537,479	0	-1,181,411
At 31 March 2014	10,016,226	9,268,469	4,313,128	0	23,597,823
Depreciation and impairment					
At 1 April 2013	-641,500	-2,794,607	-2,506,633	0	-5,942,740
Depreciation charge for the year	-140,439	-731,610	-496,996	0	-1,369,045
Revaluations	781,939	0	0	0	781,939
Reclassifications to Assets Held for Sale	0	13,950	0	0	13,950
Derecognition due to disposals	0	614,093	529,610	0	1,143,703

Notes to the Financial Statements

2013/14 (Current year)	Land & Buildings £	Vehicles £	Plant & Equipment £	Surplus Assets * £	Total £
At 31 March 2014	0	-2,898,174	-2,474,019	0	-5,372,193
Net book value					
At 31 March 2014	10,016,226	6,370,295	1,839,109	0	18,225,630
At 1 April 2013	10,774,722	6,174,706	1,665,885	0	18,615,313
Nature of asset holding at 31 March 2014					
Owned	10,016,226	5,879,168	1,839,109	0	17,734,503
Finance lease	0	491,127	0	0	491,127
Total	10,016,226	6,370,295	1,839,109	0	18,225,630

* Surplus assets in this table are those owned by the Authority but not in use at the balance sheet date. They do not satisfy the criteria to be defined as held for sale within the next twelve months. Assets which do satisfy those criteria are shown separately and set out in Note 12.

B Effect of changes in estimates

The residual values and estimated lives of all owned vehicles were reviewed in accordance with the Code and in consultation with the Fleet Engineer. The residual values of 10 vehicles were reduced, resulting in a charge to the Revaluation Reserve of £1,251 and to the Comprehensive Income and Expenditure Statement of £2,360.

A similar review for equipment assets showed that the estimated useful lives of 13 ICT assets had changed, resulting in an increase in net depreciation charged for equipment of £90,894.

C 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 full revaluation of land and buildings was carried out as at 31 March 2014, by the Authority's valuers, BNP Paribas, who are RICS qualified and external to the Authority. This resulted in the recognition of a revaluation loss of £1,673,512 for these assets.

Notes to the Financial Statements

7 Intangible assets

The Authority accounts for its software as intangible assets, to the extent that it is 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 10 years, but assets may be amortised over a shorter period if licences have finite lives or greater accuracy is achievable.

Material intangible assets	Year of Purchase	Net Value £	Remaining Life in Years
Firewatch System	2010/11	103,013	6
Redkite Asset Management System	2011/12	28,525	7
Financial Management System - Upgrade	2011/12	46,486	7
Network Development	2012/13	29,701	4
Retained Availability System	2012/13	35,800	1

The carrying amount of intangible assets is amortised to revenue on a straight line basis. The annual charge is absorbed as an overhead over service headings in the Cost of Services in the Comprehensive Income and Expenditure Statement, and shown with depreciation in the subjective analysis of revenue expenditure in Note 18. During 2013/14, one software item, previously included as an intangible asset, was reclassified as revenue expenditure and written out of the asset register.

2012/13 £	Movement on Intangible Assets	2013/14 Gross Value £	2013/14 Amortisation £	2013/14 Net Value £
497,572	Gross carrying amounts at start of year	740,650		740,650
-163,869	Accumulated amortisation at start of year		-290,414	-290,414
333,703				450,236
211,085	Additions	32,074		32,074
30,394	Transfer from Equipment assets			0
0	Reclassification as revenue expenditure	-12,100	1,210	-10,890
-124,946	Amortisation for the period written off to revenue		-117,023	-117,023
450,236	Carrying amount at end of year	760,624	-406,227	354,397

Notes to the Financial Statements

8 Financial instruments

The following categories of financial instruments are carried in the Balance Sheet.

31 March 2013			31 March 2014	
Long term £	Current £		Long term £	Current £
		Financial Assets		
0	2,056,841	Investments (Cash equivalents)	0	946,875
0	1,001,014	Investments (Not classed as cash equivalents)	0	0
0	133,758	Trade debtors	0	254,418
0	3,191,613		0	1,201,293
		Financial Liabilities		
-4,700,667	-849,833	Borrowings at amortised cost (PWLB loans)	-4,018,834	-681,833
-511,266	-90,866	Finance lease liabilities	-416,604	-94,662
0	-2,201,021	Trade creditors	0	-1,708,091
-5,211,933	-3,141,720		-4,435,438	-2,484,586

Interest on investments is included in the Comprehensive Income and Expenditure Statement and added to the principal amount carried in the Balance Sheet. Trade debtors and creditors exclude items such as Government grant debtors and Council Tax arrears and prepayments. They are included within the debtors and creditors which are analysed in Notes 10 and 13. PWLB loans are borrowed from the Public Works Loan Board.

Fair value

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

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

Notes to the Financial Statements

- the fair value of debtors and creditors is the invoiced amount;
- where investments are counted as cash equivalents, their fair value is the same as the carrying amount; and
- other investments were taken out close to the year end and mature within 12 months, so their fair value is the the same as the carrying amount.

31 March 2013 PWLB loans £	31 March 2013 Finance lease £		31 March 2014 PWLB loans £	31 March 2014 Finance lease £
6,112,860	648,429	Fair value	4,971,907	532,402
5,550,500	602,132	Carrying amount	4,700,667	511,266
562,360	46,297		271,240	21,136

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

9 Inventories

2012/13 Clothing £	2012/13 Equipment £	2012/13 Fuel £	2012/13 Total £		2013/14 Clothing £	2013/14 Equipment £	2013/14 Fuel £	2013/14 Total £
89,266	45,274	28,102	162,642	Balance at start of year	75,869	39,435	20,457	135,761
61,477	21,109	68,636	151,222	Purchases	102,591	23,875	70,687	197,153
-74,413	-26,948	-76,281	-177,642	Recognised as an expense in the year	-88,842	-15,658	-73,420	-177,920
-461	0	0	-461	Written off		0	0	0
75,869	39,435	20,457	135,761	Balance at end of year	89,618	47,652	17,724	154,994

Notes to the Financial Statements

10 Debtors

31 March 2013 £		31 March 2014 £
1,014,841	Central government bodies	600,899
104,201	Other local authorities	108,314
24,517	NHS bodies	13,410
13,656	Public corporations and trading funds	38,043
837,266	Other entities and individuals	1,148,379
1,994,481	Total debtors (Short term debtors on Balance Sheet)	1,909,045

11 Cash and cash equivalents

31 March 2013 £		31 March 2014 £
2,646	Cash held by the Authority	2,775
6,748	Bank current accounts	1,631
2,061,841	Call and deposit accounts with banks	970,875
2,071,235	Total cash and cash equivalents	975,281
1,001,014	Fixed short term investments with banks and building societies	0
3,072,249	Total cash and investments	975,281

12 Non-current assets held for sale

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

Criteria -
- Assets must be available for sale in their present condition
- The sale must be highly probable and planned

Notes to the Financial Statements

- Assets must be actively marketed at a reasonable price
- The sale is expected to be completed within twelve months.

2012/13 £		2013/14 £
0	Balance at 1 April	6,992
6,992	Assets newly classified as held for sale	1,012
0	Assets sold	-6,992
6,992	Balance at 31 March	1,012

Assets which are surplus but cannot be shown to satisfy the criteria, or which are in use at the start of the year and then sold during the year, remain in property, plant and equipment and are recorded in Note 6.

13 Creditors

31 March 2013 £		31 March 2014 £
-596,913	Central government bodies	-464,538
-542,026	Other local authorities	-498,351
0	NHS bodies	-488
0	Public corporations and trading funds	-53,355
-2,257,259	Other entities and individuals	-1,735,428
-3,396,198	Total creditors	-2,752,160
	Comprising -	
-511,266	Long term creditors - Finance lease liabilities (see Note 26)	-416,604
-2,794,066	Short term creditors	-2,240,894
-90,866	Finance lease liabilities (see Note 26)	-94,662
-3,396,198		-2,752,160

Notes to the Financial Statements

14 Provisions

Provision for Part-time Workers (Compensation)	£
Balance at 1 April 2013	-75,169
Additional provisions made in 2013/14	-6,200
Amounts used in 2013/14	57,988
Balance at 31 March 2014	-23,381

A provision was established in 2009/10 for the initial compensation costs resulting from the Employment Tribunal's consideration of the Part Time Workers (Prevention of Less Favourable Treatment) Regulations 2000 in relation to firefighters working the Retained Duty System. The initial financial impact of this legislation was based on the reference period 1 July 2000 to 30 June 2009, length of service, rank and role, level of cover and anticipated take-up. The first compensation payments were made in 2012/13. An estimate of remaining payments due, including those for the period up to 31 March 2012, has been made and additional sums have been set aside from the Comprehensive Income and Expenditure Statement for this purpose.

Provision for Non-Domestic Rates Appeals	£
Share of Provisions made in 2013/14	
Wiltshire Council	-30,798
Swindon Borough Council	-38,184
Balance at 31 March 2014	-68,982

As part of the revised arrangements for non-domestic rates starting on 1 April 2013, the Fire Authority shows in the Balance Sheet an allocated 1% share of the provisions made by the billing authorities for appeals against rating valuations.

Notes to the Financial Statements

Provision for Ill Health Pensions Paid 2006-2013	£
Pensions payments made	-459,373
Balance at 31 March 2014	-459,373

After the end of 2013/14, it was discovered that the Authority had wrongly claimed the cost of some ill-health pension payments from the Firefighters' Pension Fund. The amount which related to years before 2013/14 was £459,373. This amount has been set aside as a Provision as it is expected that the Government will takes steps to recover the cost in 2015.

The total provisions (£551,736) are shown in the Balance Sheet as short term liabilities.

15 Usable reserves

Movements on the Authority's usable reserves are set out in the Movement in Reserves Statement, with full details of all earmarked reserves in Note 5. The balances appear in the Balance Sheet after Net Assets.

16 Unusable reserves

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

a Revaluation Reserve

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

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

The Revaluation Reserve was created with a nil balance when the recommended practice changed at 1 April 2007. Accumulated gains arising before that date are consolidated into the Capital Adjustment Account.

Notes to the Financial Statements

2012/13 £	Revaluation Reserve	2013/14 £
-30,715	Balance at 1 April	-24,053
0	Revaluation of assets	1,251
6,662	Write out accumulated gains on assets sold or scrapped	18,164
-24,053	Balance at 31 March	-4,638

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.

2012/13 £	Capital Adjustment Account	2013/14 £	2013/14 £
-5,235,985	Balance at 1 April		-6,315,807
	Reversal of items relating to capital expenditure charged or credited to CIES		
1,156,447	Depreciation of non-current assets	1,369,045	
0	Revaluation losses on Property, Plant and Equipment	1,675,873	
124,946	Amortisation of intangible assets	115,813	
0	Amounts of non-current assets written out on sale or disposal	26,537	
1,281,393	Net written out as the cost of non-current assets consumed in the year		3,187,268
	Capital financing applied in the year		
-1,100,705	Capital Grants credited to CIES and applied to capital financing	-868,558	
-588,958	Capital expenditure charged against the General Fund	-763,605	
-584,481	Statutory provision for debt repayment	-657,360	
-87,071	Revenue provision in respect of finance leases	-90,866	
-2,361,215			-2,380,389
-6,315,807	Balance at 31 March		-5,508,928

Notes to the Financial Statements

c Pensions Reserve

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

The debit balance on the Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding has been set aside by the time that the benefits come to be paid. Further information about pensions liabilities is given in Note 28.

2012/13 Restated £	Pensions Reserve	2013/14 £
136,707,000	Balance at 1 April	160,008,000
17,042,000	Actuarial gains or losses on pensions assets and liabilities	10,756,000
	Reversal of items relating to retirement benefits charged or (credited) to the CIES	
8,663,191	Deficit on the Provision of Services	10,277,499
-2,404,191	Employer's pension contributions and direct payments to pensioners payable in the year	-2,999,499
160,008,000	Balance at 31 March	178,042,000

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 Fire Authority in collecting the Council Tax.

Notes to the Financial Statements

With effect from 1 April 2013, 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.

2012/13 £	Collection Fund Adjustment Account	2013/14 £
-235,191	Balance at 1 April	-160,858
	Amount by which the income credited to the CIES differs from that calculated for the year in accordance with statutory requirements	
74,333	Council Tax	-109,148
0	Non-Domestic Rates	134,555
-160,858	Balance at 31 March	-135,451

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.

2012/13 £	Short Term Accumulating Absences Account	2013/14 £	2013/14 £
313,005	Balance at 1 April		194,634
-313,005	Settlement or cancellation of accrual made at the end of the preceding year	-194,634	
194,634	Amounts accrued at the end of the current year	87,112	
-118,371	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		-107,522
194,634	Balance at 31 March		87,112

Notes to the Financial Statements

17 Cash Flow Statement - Operating activities

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

2012/13 £		2013/14 £
-57,532	Interest received	-23,402
262,990	Interest paid	233,359
26,569	Interest paid on finance leases	22,774

18 Amounts reported for resource allocation decisions

a Management information

The analysis of income and expenditure by division and subdivision of service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Authority on the basis of budget reports for the service as a whole, prepared on a different basis from the accounting policies used in the Statement of Accounts. In particular:

- no charges are made for capital expenditure (revenue financing, revaluation losses, etc) or credits for capital grants
- the cost of retirement benefits is based on payment of employer's contributions rather than the current cost of benefits accrued in the year
- the minimum revenue provision is included.

Notes to the Financial Statements

b Analysis and reconciliation to the Comprehensive Income and Expenditure Statement

The table below shows the income and expenditure of the Authority in the form presented for management purposes during the year, reconciled to the Cost of Services in the Comprehensive Income and Expenditure Statement (CIES).

2012/13 £	2012/13 £		2013/14 £	2013/14 £
		Expenditure		
18,274,490		Employees	19,574,345	
1,241,200		Premises	1,342,141	
738,617		Transport	687,175	
1,990,481		Supplies & Services	2,572,271	
564,208		Agency & Contracted Out Services	470,636	
56,937		Democratic Representation	51,939	
2,202,254		Capital Financing & Leasing	2,294,020	
	25,068,187			26,992,527
		Income		
-570,462		General income	-948,443	
-57,084		Interest	-22,388	
-867,225		Grants	-81,306	
	-1,494,771			-1,052,137
	-76,968	Contributions to or from reserves		-990,793
	23,496,448	**Net expenditure**		24,949,597
	5,590,022	Amounts in the CIES not reported to management		7,446,812
	-2,943,229	Amounts in management information not included in the Cost of Services in the CIES		-3,103,820
	26,143,241	**Cost of Services in CIES**		29,292,589

Notes to the Financial Statements

c Reconciliation to Subjective Analysis

The Code requires the amounts in the previous table to be reconciled to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement (CIES). The deficit is shown at the bottom of the 'Total' column.

2012/13 (Prior year)	Net expenditure on table at 18b £	Amounts not reported to management £	Amounts not in Cost of Services £	CIES Cost of Services £	CIES Other corporate amounts £	CIES Total £
Fees, charges and other service income	-647,430	0	86,468	-560,962	0	-560,962
Interest and investment income	-57,084	0	57,084	0	-57,084	-57,084
Income from Council Tax	0	0	0	0	-15,972,451	-15,972,451
Government Grants and contributions	-867,225	0	867,225	0	-13,530,855	-13,530,855
Total income	-1,571,739	0	1,010,777	-560,962	-29,560,390	-30,121,352
Employee expenses	18,274,490	4,108,629	-2,404,191	19,978,928	0	19,978,928
Other service expenses	6,504,392	0	-1,260,510	5,243,882	0	5,243,882
Non-distributed Costs	0	200,000	0	200,000	0	200,000
Depreciation, amortisation and revaluations	0	1,281,393	0	1,281,393	0	1,281,393
Interest payments	289,305	0	-289,305	0	6,857,305	6,857,305
Gain/loss on disposal of non-current assets	0	0	0	0	-2,838	-2,838
Total expenditure	25,068,187	5,590,022	-3,954,006	26,704,203	6,854,467	33,558,670
Net expenditure	23,496,448	5,590,022	-2,943,229	26,143,241	-22,705,923	3,437,318

Notes to the Financial Statements

2013/14 (Current year)	Net expenditure on table at 18b £	Amounts not reported to management £	Amounts not in Cost of Services £	CIES Cost of Services £	CIES Other corporate costs £	CIES Total £
Fees, charges and other service income	-1,939,236	-662,304	1,783,793	-817,747	0	-817,747
Interest and investment income	-22,388	0	22,388	0	-22,388	-22,388
Income from Council Tax	0	0	0	0	-14,648,832	-14,648,832
Income from Non-Domestic Rates	0	0	0	0	-2,289,472	-2,289,472
Government Grants and contributions	-81,306	0	81,306	0	-10,926,854	-10,926,854
Total income	-2,042,930	-662,304	1,887,487	-817,747	-27,887,546	-28,705,293
Employee expenses	19,574,345	4,877,704	-3,000,763	21,451,286	0	21,451,286
Other service expenses	7,162,303	10,167	-1,734,665	5,437,805	0	5,437,805
Non-distributed Costs	0	60,000	0	60,000	0	60,000
Depreciation, amortisation and revaluations	0	3,161,246	0	3,161,246	0	3,161,246
Interest payments	255,879	0	-255,879	0	7,492,879	7,492,879
Gain/loss on disposal of non-current assets	0	0	0	0	16,196	16,196
Rounding	0	-1	0	-1	0	-1
Total expenditure	26,992,527	8,109,116	-4,991,307	30,110,336	7,509,075	37,619,411
Net expenditure	24,949,597	7,446,812	-3,103,820	29,292,589	-20,378,471	8,914,118

Notes to the Financial Statements

19 Members' Allowances

The following payments were made to Members in accordance with the Authority's approved scheme of Members' Allowances made under the Local Authorities (Members' Allowances) (England) Regulations 2003. Travelling and subsistence allowances are the reimbursement of expenditure personally and necessarily incurred by Members in the performance of their official duties. Payments made directly to third parties for fares and accommodation in respect of conferences attended are not included in this table.

Member	Basic £	Special responsibility £	Co-optees £	Travel and subsistence £	Total £
Bennett, A R M	2,272	0	0	162	2,434
Clark, E F	2,292	0	0	57	2,349
Cronin, M J	0	0	579	0	579
Davis, P R	256	0	0	18	274
Devine, C	2,600	0	0	517	3,117
Edge, P	2,293	1,531	0	249	4,073
Groom, M	2,600	0	0	196	2,796
Hall, R	256	1,067	0	24	1,347
Jones, R	2,292	0	0	313	2,605
Knight, J R	1,727	0	0	120	1,847
Marshall, H R	699	0	0	0	699
Martin, N D	2,600	4,624	0	248	7,472
Mattock, B	325	0	0	36	361
McMillan, R	0	0	579	0	579
Newbury, C N	2,600	0	0	78	2,678
Osborn, J	256	213	0	0	469
Payne, G D	2,600	9,085	0	465	12,150
Perkins, G	2,600	0	0	99	2,699
Wayman, B	2,600	0	0	254	2,854
Wright, R	2,600	0	0	135	2,735
Total for 2013/14	33,468	16,520	1,158	2,971	54,117
Total for 2012/13	33,448	17,190	1,075	4,033	55,746

Notes to the Financial Statements

20 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. This table includes those officers listed in Note 20B and the redundancy payments shown in Note 20C.

2012/13 No.	Remuneration band	2013/14 No.
10	£50,000 - £54,999	13
8	£55,000 - £59,999	15
6	£60,000 - £64,999	3
4	£65,000 - £69,999	4
1	£70,000 - £74,999	1
1	£75,000 - £79,999	3
0	£80,000 - £84,999	1
0	£85,000 - £89,999	0
0	£90,000 - £94,999	2
0	£95,000 - £99,999	1
1	£100,000 - £104,999	0
1	£105,000 - £109,999	0
1	£110,000 - £114,999	1

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 Fire Authority, either solely or collectively. These officers are the Brigade Managers who collectively form the Executive Management Team (EMT). 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. The disclosure only includes those payments that are the responsibility of the Authority. As the Chief Fire Officer and Chief Executive has taken flexible retirement, a proportion of his salary is paid in the form of a pension from the Firefighters' Pension Scheme.

Notes to the Financial Statements

2013/14 Brigade Manager	Salary, fees and allowances £	Expenses £	Benefits in kind £	Total excluding pension £	Employers' pension contributions £	Total £	See note
Chief Fire Officer and Chief Executive	60,562	138	0	60,700	0	60,700	
Deputy Chief Fire Officer	94,400	138	0	94,538	15,104	109,642	
Assistant Chief Fire Officer	26,169	483	0	26,652	5,574	32,226	a
Brigade Manager - People & Development	73,462	1,311	0	74,773	11,556	86,329	
Brigade Manager - Governance & Assurance	72,223	0	3,681	75,904	11,556	87,460	b
Total	326,816	2,070	3,681	332,567	43,790	376,357	

2012/13 Brigade Manager	Salary, fees and allowances £	Expenses £	Benefits in kind £	Total excluding pension £	Employers' pension contributions £	Total £	See note
Chief Fire Officer and Chief Executive	100,151	134	0	100,285	8,378	108,663	
Deputy Chief Fire Officer	94,400	138	0	94,538	14,726	109,264	
Assistant Chief Fire Officer	88,500	0	11,583	100,083	18,851	118,934	
Brigade Manager - People & Development	72,747	1,256	0	74,003	11,155	85,158	
Brigade Manager - Finance & ICT	71,508	0	3,538	75,046	11,155	86,201	b
Total	427,306	1,528	15,121	443,955	64,265	508,220	

Notes:
a The Assistant Chief Fire Officer retired on 17 July 2013. The post was held vacant for the remainder of the year.
b The job title of one Brigade Manager changed during the year.

Notes to the Financial Statements

C Exit Packages

The Code requires disclosure of the numbers and total cost of exit packages agreed in the year, in specified bands as shown in the table below. There were no compulsory redundancies in 2013/14 or 2012/13 and no other departures in 2012/13. The Authority invited staff to volunteer for redundancy during 2013/14. The table only shows packages where the cost fell on the Authority, rather than on the relevant pension fund, so that normal retirements are excluded.

	2013/14	
Exit package cost band	**No.**	**£**
£0 - £20,000	9	115,146
£20,001 - £40,000	2	59,540
£40,001 - £60,000	5	273,270
£60,001 - £80,000	1	66,154
Total	17	514,110

21 External audit costs

The Authority's external auditors charged £37,770 for work undertaken in 2013/14 (£37,770 in 2012/13). There were no fees for non-audit work in 2013/14 or 2012/13. A rebate of £5,169 was received from the Audit Commission, so that the net charge to the Cost of Services was £32,601. In 2012/13, the rebate was £3,300.

Notes to the Financial Statements

22 Grant income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement during the year. Grants are received from the Department for Communities and Local Government (CLG) unless otherwise indicated. Contributions have been made by public and other local authorities, companies and charitable organisations, primarily for fire prevention activities involving young people.

2012/13 £		2013/14 £	2013/14 £
	Credited to the Cost of Services		
-40,349	National Resilience Grant (New Dimension)	-41,156	
-27,000	New Burdens Grants	-2,588	
-18,500	Contributions for Safe Drive initiative	-39,575	
-61,687	Grants and contributions towards fire prevention activities	-144,784	
-195,308	Firelink Revenue Grant	-209,127	
-37,622	Other grants, contributions and secondments	-70,483	
-380,466			-507,713
	Credited to Taxation and Non-specific Grant Income		
-182,987	Revenue Support Grant	-6,213,654	
-9,439,726	Non-Domestic Rates Grant	0	
0	Non-Domestic Rates Top Up Grant	-1,736,370	
-475,628	Council Tax Freeze Grant	-159,057	
-1,100,705	General Capital Grant	-868,558	
-2,331,809	Pensions Top-up Grant	-1,893,501	
0	Other non-ringfenced Government Grants	-55,714	
-13,530,855			-10,926,854
-13,911,321	Total credited to the Comprehensive Income and Expenditure Statement		-11,434,567

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

Notes to the Financial Statements

23 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.

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 22.

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 19. 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 Fire and Rescue 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 to Brigade Managers are detailed in Note 20.

As referred to in Note 1, the Authority is working with three other Fire Authorities (Devon & Somerset, Dorset and Hampshire) in a Networked Fire Control Partnership (NFCSP) 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 2013/14 the partnership incurred total expenditure of £423,130 which was shared amongst the partners as detailed below:

NFCSP Partnership Costs Recovered 2013/14	
Authority	**£**
Devon & Somerset	106,034
Dorset	105,946
Hampshire	105,575
Wiltshire & Swindon	105,575
Total	**423,130**

Notes to the Financial Statements

The Authority also incurred another £440,465 on the project in the year. This expenditure was solely attributable to Wiltshire & Swindon Fire Authority, rather than to the partnership. It has been financed by a Government Grant specifically provided for this purpose in 2011/12 and carried forward in an earmarked reserve.

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

2012/13 Payments £	31 March 2013 Creditors £		2013/14 Payments £	31 March 2014 Creditors £
		Wiltshire Constabulary		
245,944	233,321	Emergency Services Control Centre	202,382	202,382

Notes to the Financial Statements

24 Capital expenditure and financing

The Capital Financing Requirement (CFR) is a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. It is increased annually by capital expenditure and the value of assets acquired by finance leases, and reduced by the application of resources used to finance that expenditure. It is also reduced by the revenue provisions charged to the General Fund for the redemption of debt. These transactions are shown in the table below, together with an explanation of the movement in the CFR in the year.

2012/13			2013/14	
£	£		£	£
	11,968,202	Opening CFR		12,732,679
		Capital expenditure		
541,246		Land and buildings	1,055,456	
1,758,019		Vehicles	961,661	
615,341		Plant and equipment	678,089	
211,085		Intangible assets	32,074	
	3,125,691			2,727,280
		Sources of finance		
-588,957		Direct revenue financing	-763,605	
-1,100,705		Capital grants	-868,558	
-87,071		Revenue provision for finance leases	-90,866	
-584,481		Minimum Revenue Provision	-657,360	
	-2,361,214			-2,380,389
	12,732,679	Closing CFR		13,079,570
		Explanation of movement in CFR		
	851,548	Increase in underlying need to borrow		437,757
	-87,071	Reduction in finance lease liabilities		-90,866
	764,477	Increase in CFR		346,891

In 2013/14, direct revenue financing of capital expenditure was covered by transfers from earmarked reserves.

Notes to the Financial Statements

25 Operating leases

The Authority has the use of certain assets under the terms of operating leases. The annual rentals on these leases are charged to the Cost of Services in the Comprehensive Income and Expenditure Statement. The Authority's valuers have advised that the lease of the vehicle workshops in Melksham is an operating lease. The vehicles, equipment and property which are classified as operating leases are not included in the Balance Sheet.

The amount charged to the Cost of Services and the future minimum payments due under operating leases are shown here.

2012/13 £	Vehicles and equipment	2013/14 £
652,289	Charged to the Cost of Services in the year	526,310
	Future minimum lease payments	
513,287	Not later than one year	416,718
1,123,143	Later than one year and not later than five years	706,426
1,636,430	Total of future minimum lease payments	1,123,144
2012/13 £	**Property**	**2013/14 £**
60,000	Charged to the Cost of Services in the year	60,000
	Future minimum lease payments	
60,000	Not later than one year	60,000
240,000	Later than one year and not later than five years	240,000
1,052,901	Later than five years	992,901
1,352,901	Total of future minimum lease payments	1,292,901

Notes to the Financial Statements

26 Finance leases

The Authority acquired four fire appliances in 2009/10 under a finance lease for a ten year term. The annual payment is £113,640, which is split between financing costs charged to the Comprehensive Income and Expenditure Statement as interest payable (£22,774 in 2013/14, £26,569 in 2012/13), and the reduction in the liability to pay the lessor. This liability is shown in the Balance Sheet as a long term creditor, for which a fair value is shown in Note 8.

Assets held under finance leases are included in the Balance Sheet at the net present value of the payments to the lessor, and are subject to annual depreciation. They are included in the analysis of property, plant and equipment in Note 6.

31 March 2013 £	Balance Sheet - carrying amount	31 March 2014 £
665,733	Net book value at start of year	578,430
-87,303	Depreciation	-87,303
578,430	Net book value at end of year	491,127

31 March 2013 £	Outstanding minimum lease payments	31 March 2014 £
	Net present value of minimum lease payments	
90,866	Current	94,662
511,266	Non-current	416,604
602,132		511,266
79,706	Finance costs payable in future years	56,933
681,838	Minimum lease payments	568,199

Notes to the Financial Statements

31 March 2013			31 March 2014	
Minimum lease payments £	Finance lease liability £	Analysis of payments	Minimum lease payments £	Finance lease liability £
113,640	90,866	Not later than one year	113,640	94,662
454,559	401,422	Later than one year and not later than five years	454,559	416,604
113,639	109,844	Later than five years	0	0
681,838	602,132	Total	568,199	511,266

27 Impairment losses

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 2012/13 and 2013/14, there were no specific events which caused the Authority to impair its assets. The reductions in the values of individual assets by the Valuers in their valuation as at 31 March 2014 is recorded as a downward revaluation, not as impairment.

Notes to the Financial Statements

28 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 three pension schemes:-

- the Firefighters' Pension Scheme (FPS) for uniformed personnel - this is an unfunded scheme, meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they fall due. This scheme is now closed to new members.
- the New Firefighters' Pension Scheme (NFPS) for uniformed personnel - this came into effect from 6 April 2006. It applies to all joiners from that date and any members of the FPS who opt to join the new scheme. As with the FPS, the new scheme is unfunded.
- the Local Government Pension Scheme (LGPS) for other employees and for uniformed personnel who are not eligible to join the NFPS. This is a funded defined benefit scheme administered by Wiltshire Council. 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.

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 Wiltshire Council scheme is the responsibility of the Wiltshire Pension Fund Committee, which includes Members from Wiltshire Council and Swindon Borough Council and representatives of pensioners and employees. This Committee exercises the functions of an administering authority under the LGPS Regulations and makes strategic decisions about the Fund. The Head of Pensions at Wiltshire Council is responsible 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 approved by the Committee.

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

Notes to the Financial Statements

The Wiltshire Pension Fund is subject to a formal valuation by actuaries every three years. The last valuation was as at 31 March 2013. The scheme will have to take account of national changes required by the Public Pensions Services Act 2013, which provides for a move to a new scheme based on career average revalued earnings rather than final salaries from 1 April 2014.

The FPS and NFPS are administered by Wiltshire Council on behalf of the Authority, but the risks are reduced by the top up grant which is paid by the Governnent to cover the net deficit on the schemes. The main residual risk concerns some injury liabilities for which the Authority is responsible. The last formal valuation of the Firefighters' schemes was as at 31 March 2012. A new scheme is due to come into effect from 1 April 2015, so that a full valuation will be required as at 31 March 2015.

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 the FPS and NFPS are aggregated in the Accounts. The transactions made in the CIES and MIRS during the year are shown in this table.

Following changes to IAS 19, the pensions interest cost and expected return on pensions assets have been removed from the Financing and Investment section of the CIES and replaced by the net interest on the defined benefit liability. The effect on the comparative figures shown for 2012/13 has been an increase of £77,000 in the deficit on the provision of services, matched by a reduction in the actuarial gains and losses on pension assets and liabilities. The comparative figures for relevant lines in the CIES, MIRS, Cash Flow Statement, Note 16 c (Pensions Reserve) and this table have been restated to reflect this change.

Notes to the Financial Statements

2012/13 Restated Firefighters' Schemes £	2012/13 Restated Wiltshire Council Fund £	Transactions in CIES and MIRS	2013/14 Firefighters' Schemes £	2013/14 Wiltshire Council Fund £
		Comprehensive Income and Expenditure Statement		
3,600,000	627,000	Current service cost	4,100,000	774,000
200,000	0	Past service costs	0	60,000
6,400,000	168,000	Net interest expense	7,000,000	237,000
-2,331,809	0	Pensions Top-up Grant	-1,893,501	0
7,868,191	795,000	Total charged or credited to the deficit on the provision of services	9,206,499	1,071,000
		Other Comprehensive Income and Expenditure		
		Remeasurement of the net defined benefit liability comprising:		
0	-769,000	Return on plan assets (excluding that in the net interest expense)	0	-750,000
15,600,000	2,322,000	Actuarial gains/losses from changes in financial assumptions	6,500,000	378,000
0	0	Actuarial gains/losses from changes in demographic assumptions	3,800,000	495,000
-100,000	-11,000	Other experience	-200,000	533,000
15,500,000	1,542,000	Total charged to other comprehensive income and expenditure	10,100,000	656,000
23,368,191	2,337,000	Total charged to CIES	19,306,499	1,727,000
		Movement in Reserves Statement		
-7,868,191	-795,000	Reversal of net charges made to the deficit on the provision of services in accordance with the Code	-9,206,499	-1,071,000
1,766,118	638,073	Actual amount charged against the General Fund balance for pensions - Employers' contributions payable to the schemes	2,330,054	669,445

Notes to the Financial Statements

c Assets and liabilities in relation to retirement benefits

31 March 2013 Firefighters' Schemes £	31 March 2013 Wiltshire Council Fund £	Pensions assets and liabilities recognised in the Balance Sheet	31 March 2014 Firefighters' Schemes £	31 March 2014 Wiltshire Council Fund £
-143,000,000	-38,000	Present value of unfunded liabilities	-158,500,000	-39,000
0	-17,792,000	Present value of funded liabilities	0	-20,510,000
-11,800,000	0	Present value of injury liabilities	-13,300,000	0
0	12,622,000	Fair value of employer assets	0	14,307,000
-154,800,000	-5,208,000	Net liability arising from defined benefit obligation	-171,800,000	-6,242,000

2012/13 Firefighters' Schemes £	2012/13 Wiltshire Council Fund £	Reconciliation of present value of scheme liabilities	2013/14 Firefighters' Schemes £	2013/14 Wiltshire Council Fund £
-133,200,000	-14,190,000	Opening balance at 1 April	-154,800,000	-17,830,000
-3,600,000	-627,000	Current service cost	-4,100,000	-774,000
-200,000	0	Past service cost	0	-60,000
-6,400,000	-696,000	Interest cost on defined benefit obligation	-7,000,000	-813,000
-900,000	-218,000	Contributions by scheme participants	-900,000	-209,000
0	0	Transfers out to other authorities	200,000	0
5,000,000	212,000	Benefits paid	4,900,000	543,000
		Remeasurement gains and losses:		
-15,600,000	-2,322,000	Changes in financial assumptions	-6,500,000	-378,000
0	0	Changes in demographic assumptions	-3,800,000	-495,000
100,000	11,000	Other experience	200,000	-533,000
-154,800,000	-17,830,000	Closing balance at 31 March	-171,800,000	-20,549,000

Notes to the Financial Statements

2012/13		Reconciliation of the fair value of scheme assets	2013/14	
Firefighters' Schemes £	Wiltshire Council Fund £		Firefighters' Schemes £	Wiltshire Council Fund £
0	10,683,000	Opening balance at 1 April	0	12,622,000
0	528,000	Interest income on plan assets	0	576,000
900,000	218,000	Contributions by scheme participants	900,000	209,000
4,100,000	636,000	Employer contributions	4,200,000	693,000
-5,000,000	-212,000	Benefits paid	-4,900,000	-543,000
0	0	Transfers out to other authorities	-200,000	0
0	769,000	Return on assets excluding that included in net interest	0	750,000
0	12,622,000	Closing balance at 31 March	0	14,307,000

The employer's contributions made as per the table in Note 28 (b) above differ from the actuary's estimate of employer's contributions in this table as used to calculate the net pension liability. The difference is recognised in the Comprehensive Income and Expenditure Statement by including the Pensions Top-up Grant.

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £178m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £163m.

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

- the deficit on the local government scheme (Wiltshire Council Fund) 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.

In the year to 31 March 2015, the total contributions to be made by the Authority to the Wiltshire Council Fund are estimated at £714,300 and to the Firefighters' Schemes £1,789,200. These estimates exclude the contribution represented by the Top-up Grant.

Notes to the Financial Statements

d Information about the defined benefit obligation

31 March 2013				31 March 2014		
Liability split		Duration *		Liability split		Duration *
£	%	Years		£	%	Years
			Firefighters' Schemes			
62,000,000	43.4%	25.2	Active members	73,400,000	46.3%	25.3
4,200,000	2.9%	25.9	Deferred members	4,800,000	3.0%	26.0
76,800,000	53.7%	12.4	Pensioner members	80,300,000	50.7%	12.4
143,000,000	100.0%	18.3		158,500,000	100.0%	18.8
			Firefighters' injury liabilities			
6,100,000	51.7%	25.2	Contingent injuries	7,200,000	54.1%	25.3
5,700,000	48.3%	15.1	Injury pension liabilities	6,100,000	45.9%	15.1
11,800,000	100.0%	20.3		13,300,000	100.0%	20.6
			Wiltshire Council Fund			
13,115,000	73.7%	(	Active members	13,967,000	68.1%	25.0
1,890,000	10.6%	See below (	Deferred members	2,323,000	11.3%	25.6
2,787,000	15.7%	(	Pensioner members	4,221,000	20.6%	12.4
17,792,000	100.0%			20,511,000	100.0%	22.5

The duration is the weighted average time until payment of all future discounted cashflows, determined by the Actuary based on membership and the financial and demographic assumptions in the most recent actuarial valuation, as shown below. The durations for the Firefighters' Schemes are effective as at the previous formal valuation at 31 March 2012. Those for the Wiltshire Council Scheme are for funded obligations only and are effective as at the last triennial valuation at 31 March 2013. The calculation of the weighted average duration is a new requirement which the Actuary has not made in retrospect for the Local Government Pension Scheme.

Notes to the Financial Statements

e Fair Value of Employer Assets

31 March 2013			Analysis of fair value of scheme assets	31 March 2014		
Quoted prices in active markets £	Prices not quoted in active markets £	Total £		Quoted prices in active markets £	Prices not quoted in active markets £	Total £
			Equity securities			
401,000	0	401,000	Consumer	426,000	0	426,000
350,000	0	350,000	Manufacturing	260,000	0	260,000
0	0	0	Financial institutions	166,000	0	166,000
94,000	13,000	107,000	Health and care	84,000	6,000	90,000
1,012,000	0	1,012,000	Information Technology	1,548,000	0	1,548,000
52,000	0	52,000	Other	61,000	0	61,000
1,909,000	13,000	1,922,000	Total equity securities	2,545,000	6,000	2,551,000
			Debt securities			
6,000	1,058,000	1,064,000	Corporate bonds (investment grade)	21,000	1,040,000	1,061,000
0	27,000	27,000	Corporate bonds (other)	0	37,000	37,000
0	127,000	127,000	UK Government	0	119,000	119,000
0	186,000	186,000	Other debt securities	42,000	160,000	202,000
6,000	1,398,000	1,404,000	Total debt securities	63,000	1,356,000	1,419,000
			Property			
0	1,182,000	1,182,000	United Kingdom	0	1,239,000	1,239,000
0	94,000	94,000	Overseas	0	75,000	75,000
0	1,276,000	1,276,000	Total property	0	1,314,000	1,314,000

Notes to the Financial Statements

31 March 2013			Analysis of fair value of scheme assets	31 March 2014		
Quoted prices in active markets £	Prices not quoted in active markets £	Total £		Quoted prices in active markets £	Prices not quoted in active markets £	Total £
			Investment Funds and Unit Trusts			
0	6,303,000	6,303,000	Equities	0	7,003,000	7,003,000
0	666,000	666,000	Bonds	0	688,000	688,000
0	634,000	634,000	Hedge Funds	0	741,000	741,000
0	32,000	32,000	Infrastructure	0	70,000	70,000
0	97,000	97,000	Other	0	106,000	106,000
0	7,732,000	7,732,000	Total Investment Funds and Unit Trusts	0	8,608,000	8,608,000
			Cash and other			
0	0	0	Foreign Exchange	0	-41,000	-41,000
292,000	0	292,000	Cash and cash equivalents	453,000	0	453,000
-3,000	-1,000	-4,000	Other	1,000	2,000	3,000
289,000	-1,000	288,000	Total cash and other	454,000	-39,000	415,000
2,204,000	10,418,000	12,622,000	Total scheme assets	3,062,000	11,245,000	14,307,000

Notes to the Financial Statements

f 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. Both the Firefighters' Schemes and the Wiltshire Council Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries.

31 March 2013		Principal assumptions used by the actuary	31 March 2014	
Firefighters' Schemes	Wiltshire Council Fund		Firefighters' Schemes *	Wiltshire Council Fund
		Mortality assumptions		
		Longevity for current pensioners (in years)**		
28.1	21.3	Men	29.3	22.3
31.0	23.6	Women	31.5	24.5
		Longevity for future pensioners (in years) **		
29.7	23.3	Men	30.9	24.1
32.5	25.5	Women	33.0	26.9
3.6%	3.6%	Rate of inflation (Market derived Retail Prices Index)	3.6%/3.7%	3.6%
3.8%	5.1%	Rate of increase in salaries ***	3.8%/3.9%	4.6%
2.8%	2.8%	Rate of increase in pensions ****	2.8%/2.9%	2.8%
4.5%	4.5%	Rate for discounting scheme liabilities	4.3%	4.3%
90.0%	75.0%	Take-up of option to convert annual pension into retirement lump sum	90.0%	75.0%

* Where two rates are shown, these refer to the FPS/NFPS. Other figures are the same for both schemes.

** Longevity assumptions are based on retirement at 65 for the Wiltshire Council Fund and 60 for the Firefighters' Schemes. Future pensioners are assumed to be age 45 as at 31 March 2014.

*** The salary increase assumption for the Wiltshire Council Fund is 1% p.a. to 31 March 2015, moving to the long term assumption shown thereafter.

**** Pension increases are assumed to be 0.8% p.a. less than market derived Retail Prices Index.

Notes to the Financial Statements

g 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 actuary. 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 actuary interprets 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 2014. 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.

With regard to the Wiltshire Council Fund, it is also relevant to note that IAS 19 requires the discount rate to be set with reference to the yields on high quality corporate bonds irrespective of the actual investment strategy of the Fund. Therefore the balance sheet position may change significantly due to relative changes in the equity and AA corporate bond markets at the reporting date.

Approximate increases - Firefighters' Schemes		Employer Liability		Projected Current Service Cost	
	Change	%	£	%	£
Change in financial assumptions 2013/14					
Decrease in real discount rate	0.1%	2	3,300,000	4	180,000
Increase in member life expectancy	1 year	3	5,200,000	3	140,000
Increase in rate of increase in salaries	0.5%	2	2,700,000	6	260,000
Increase in rate of increase in pensions (CPI)	0.5%	8	14,200,000	13	580,000

Approximate increases - Wiltshire Council Fund		Employer Liability	
	Change	%	£
Change in financial assumptions 2013/14			
Decrease in real discount rate	0.5%	12	2,461,000
Increase in member life expectancy	1 year	3	616,000
Increase in rate of increase in salaries	0.5%	5	1,022,000
Increase in rate of increase in pensions	0.5%	7	1,384,000

Notes to the Financial Statements

29 Contingent liabilities

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

Retained firefighters' part time status
Employment Tribunal cases have been heard regarding whether or not retained firefighters are employed under the same type of contract as wholetime firefighters for the purpose of the Part-time Workers' Regulations. Following a House of Lords ruling, the Tribunal decided that the sick pay arrangements of the retained firefighters and their exclusion from the Firefighters' Pension Scheme are unlawful. The provision established and used for compensation payments is described in Note 14, but this does not cover rights of access to the pension scheme which is being handled by the Department for Communities and Local Government. It is still not possible to make a reliable estimate of the cost to the Authority, and no provision has been made in the Accounts. An earmarked reserve, as shown in Note 5, was first established at the end of 2009/10 to mitigate the future revenue effect of these pensions costs. This Reserve has been reviewed and increased at intervals since its inception.

30 Contingent assets

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.

31 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.

Notes to the Financial Statements

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 Review 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.

Credit risk

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

The 2013/14 Investment Strategy allowed internal staff to invest surplus cash in a limited range of specified deposits, either fixed term or on call, but where the maturity was for no longer than one year. The credit criteria were as set in the Treasury Management Policy.

Credit criteria	Minimum rating	Maximum investment
Highest quality UK financial institutions	F1/A	£3m
Other local authorities	-	£2m
100% owned subsidiaries of clearing banks	-	£2m
Top ten building societies	F1/A	£1m
Other F1A/ rated banks building societies	F1/A	£1m

The maximum investment refers to sums invested with any one institution at any one time. The ratings are determined by Fitch and published on their website. The criteria are used to derive lists of institutions which may be used, and authority is delegated to the Treasurer to vary the lists and limits as circumstances dictate. The ratings are reviewed at least quarterly. During 2013/14, investment activites continued to be constrained by changes to ratings and by the unwillingness of some institutions to accept short term deposits. The Authority has no experience of default with any of its investments.

Notes to the Financial Statements

At 31 March 2014, £946,875 was invested with two financial institutions. Both of these investments fell into the definition of cash equivalents - short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. At 31 March 2013, £3.1 million was invested with two institutions. One of these investments (£1 million) was for 274 days and counted as a short term investment in the balance sheet. The other was a cash equivalent.

The Authority does not generally allow credit to its debtors, and at 31 March 2014, there were no material debts more than three months past their due date.

Liquidity risk

The Authority manages its cash flow to ensure that cash is available when needed. If unexpected movements happen, there is ready access to funds through the money markets. There was no need to borrow in this way in 2012/13 or 2013/14.

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

31 March 2013 £	Maturity profile of borrowings	31 March 2014 £
849,833	Less than one year (in Current Liabilities in Balance Sheet)	681,833
681,833	One to two years	370,834
1,899,500	Two to five years	2,211,500
1,619,334	Five to ten years	936,500
500,000	Over ten years (last date October 2027)	500,000
5,550,500	Total loans outstanding	4,700,667

The maximum maturing in any one year is £1,096,833 in 2017/18.

Creditors and other payables are all due within one year.

Notes to the Financial Statements

Market risk

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

During 2013/14, as in 2012/13, interest rates on the money market remained at a very low level. The Bank of England base rate remained at 0.5% throughout the year. Income from investment interest was £22,388 in 2013/14 (£57,084 in 2012/13). This represented an average rate of 0.53% on sums invested (1.18% in 2012/13). If rates were to increase by 1%, income would increase by £42,200, 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.

32 Impact of future accounting standards

The Code requires disclosure of information relating to the impact of accounting standards that have been issued or amended but not yet adopted. The following new or amended standards have been adopted by the 2014/15 Code and require a change in accounting policy with effect from 1 April 2014.

- IAS 1 - Presentation of Financial Statements
- IFRS 10 - Consolidated Financial Statements
- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosure of Interests in Other Entities
- IAS 27 - Separate Financial Statements
- IAS 28 - Investments in Associates and Joint Ventures
- IAS 32 - Financial Instruments: Presentation
- Annual Improvements to IFRS 2009 - 2011 Cycle

The overall impact of these changes is not expected to be material for the Authority.

Firefighters' Pension Scheme

Pension Fund Account 2013/14

2012/13			2013/14	
£	£		£	£
		Contributions receivable		
		From the Fire Authority		
-1,461,862		Contributions in relation to pensionable pay	-1,466,976	
-58,441		Other receipts	-59,197	
-867,702		Firefighters' contributions	-987,744	
	-2,388,005	Total income		-2,513,917
		Benefits payable		
3,533,358		Pensions	3,740,387	
1,020,655		Commutation of pensions and lump sum retirement benefits	885,716	
	4,554,013			4,626,103
	4,682	Transfers to other schemes		166,648
	4,558,695	Total expenditure		4,792,751
	2,170,690	Net amount payable for the year		2,278,834
	-1,409,114	Less Top-up Grant received on account for the year		-1,918,022
	761,576	Balance of Top-up Grant receivable		360,812

Pension Fund Net Assets Statement at 31 March 2014

31 March 2013			31 March 2014	
£	£		£	£
		Current Assets (Debtors)		
	761,576	Pension Top-up Grant receivable from the Government		360,812
	761,576	Net current assets and liabilities		360,812

Notes to the Pension Fund Accounts

1 Operation and Administration of the Firefighters' Pension Fund

The Firefighters' Pension Scheme (Amendment) (England) Order 2006 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 Fire Authority, as employer, both pay contributions into the Fund, based on percentages of pay which are set nationally and are subject to triennial revaluation by the Government Actuary's Department.

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

The Firefighters' Pension Scheme pays pensions and defined benefits to former wholetime employees and those retained employees who retired on ill-health grounds with duty injuries. It is now closed to new entrants, but existing members continue to make contributions. The New Firefighters' Pension Scheme provides pensions and defined benefits to wholetime and retained staff at Watch Manager level and below who joined since April 2006. Operational staff who join the Service at Station Manager level or above who are not existing members of the Firefighters' Pension Scheme may join the Local Government Pension Scheme.

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

2 Accounting Policies

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

3 Future Liabilities

The Pension Fund Account and Net Assets Statement take account only of transactions, assets and liabilities which relate to year to 31 March 2014. 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 28 to the Financial Statements.

Glossary of Terms

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

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

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

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

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

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

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

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

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

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

Glossary of Terms

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

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

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

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

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

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

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

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

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

CIPFA
The Chartered Institute of Public Finance and Accountancy.

Glossary of Terms

The "Code"
The Code of Practice on Local Authority Accounting in the United Kingdom 2013/14. 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 32 refers to the requirements of the 2014/15 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 Wiltshire Council and Swindon Borough Council (the **billing authorities**) and paid by them into a **Collection Fund**. The Fire Authority issues a precept to each billing authority for its share of the tax and the surplus or deficit on the Collection Fund. In 2012/13 and 2013/14, the Government paid a **Council Tax Freeze Grant** to the Authority in return for not increasing the rate of Council Tax levied for each year.

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

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

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

De minimis - see Materiality.

Glossary of Terms

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

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

Fair Value
The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair value may apply to physical assets, such as property, or transactions without physical existence, such as financial instruments. For land and buildings, this is the amount that would be paid for the asset in its current use.

Finance Lease - See Lease.

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

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

Gross Expenditure
Total expenditure before deducting income.

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

Glossary of Terms

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

Historical Cost
The carrying amount of an asset at 1 April 2007 or at the date of acquisition, if later, adjusted for subsequent depreciation and impairment.

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

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

International Financial Reporting Standards (IFRS) - See Accounting Standards

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

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

Liabilities
Amounts owed by the Authority to lenders or suppliers.

Glossary of Terms

Materiality and de minimis

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

Minimum Revenue Provision

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

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. Up to 2012/13, the Authority received a share from the National Pool as part of its annual funding - the redistributed amount or 'NNDR Grant'. From 2013/14, the Councils which collect the business rates have been allowed to keep a proportion of the sums collected, and must pay to the Fire 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. See also **Baseline Funding Level**.

Net Expenditure

Gross expenditure less income.

Operating Lease - See Lease.

Outturn

Actual income and expenditure for the financial year.

Glossary of Terms

Overspending - See Budget.

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

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.

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 reliable estimate, 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. This was published by CIPFA in 2003. 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.

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
The fair value of assets recorded in the Balance Sheet at current value should be formally reviewed by a professional valuer at intervals of no more than five years, and the revised value included in the Balance Sheet.

Glossary of Terms

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 organisation. The difference between the net expenditure on this account and the budget for the year is charged or credited to the General Reserve. For the purposes of the Statement of Accounts, the transactions on the revenue account are recorded in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement according to the stipulations of the Code. The only places where the full revenue account can be found are in the Explanatory Foreword and in Note 18, where there is a reconciliation to the Cost of Services.

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

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

RICS
The Royal Institution of Chartered Surveyors.

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

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

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

Underspending - See Budget.

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

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

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