



**Wiltshire  
Fire & Rescue  
Service**

# Statement of Accounts 2015/16

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## Certificate for the Approval of the Statement of Accounts

I confirm that these accounts were approved by the Finance and Audit Committee held on 21 September 2016.

**Darran Gunter**  
Chief Fire Officer  
21 September 2016

## Narrative Report

### 1 Introduction

Wiltshire Fire & Rescue Service is here (and continues as part of the new Dorset and Wiltshire Fire and Rescue Service) to serve the local community and to provide an emergency response when people need it most. However, we do much more than putting out fires and helping people involved in road traffic collisions. The Service works hard to protect the communities of Wiltshire and Swindon, working with partners to reduce the risk of fire wherever possible.

The Service in 2015/16 was accountable to the public via the Wiltshire and Swindon Fire Authority, made up of 13 elected members from the two unitary authorities. Headed by the Chair of the Fire Authority, they set the direction for the Service in the best interests of the community. The Service was managed by four Brigade Managers, the Chief Fire Officer, the Deputy Chief Fire Officer and two non-uniformed Brigade Managers responsible for Corporate Governance and People Services.

The Service worked towards making life safer for people in Wiltshire and Swindon and helping to strengthen and secure the changing communities we live in, by working together with others to deliver local solutions for local priorities. To do this the Service had five strategic aims:-

- To create stronger, safer and more resilient communities
- To provide a resilient response to fires and other emergencies
- To develop a healthy, safe, well trained workforce which is representative of the community
- To protect our environment and heritage
- To resource our key aims to ensure maximum efficiency

The Service has a proud record of being 'in the heart of the community, for the community'. As well as providing a 24/7 emergency response, the focus is on the prevention and protection agenda to reduce the risk of incidents happening in the first place.

There are 24 fire stations covering the area, serving our local communities, with crews available to respond to emergency calls 24 hours a day. This operational response is supported by staff based at a number of other sites, including Potterne, which is the hub of our corporate departments and our Control room (where 999 calls are answered), our Training & Development Centre, Fleet Services (including vehicle workshops) and Occupational Health.

## Narrative Report

The county of Wiltshire covers in excess of 348,000 hectares and is a mixture of urban and rural localities covering the two unitary authority areas of Wiltshire and Swindon. The population continues to grow and currently stands at around 680,000 people living in approximately 280,000 households. In addition, there are approximately 19,000 business premises.

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

Further information can be found on the website [www.dwfire.org.uk](http://www.dwfire.org.uk).

Total Income to the authority to fund revenue expenditure in 2015/16 was £24.760m, which came from:

	Planned	Actual
	£m	£m
Revenue Support Grant (Government)	-4.598	-4.598
Top-up Grants (Government)	-1.804	-1.804
Business Rates Retention Scheme (WC/SBC)	-2.399	-2.552
Fire Precept (Council Taxpayers)	-15.806	-15.806
	<b>-24.607</b>	<b>-24.760</b>

The Authority spent £3.308m on capital projects, the largest elements being on the new Strategic Hub (£1.045m), ICT harmonisation (£0.974m) and vehicle replacements (£0.448m). The total expenditure on capital schemes was financed through direct revenue financing through the application of grants (£2.261m), prudential borrowing (£0.972m) and capital contributions (£0.075m).

Prior to 2015/16, Wiltshire and Swindon Fire Authority and Dorset Fire Authority submitted a joint business case and sought approval to combine. Formal approval was given in March 2015 via the Dorset and Wiltshire Fire and Rescue Authority (Combination Scheme) Order 2015 (statutory Instrument 2015 No. 435). This will therefore be the last Statement of Accounts for Wiltshire and Swindon Fire Authority, as of 1 April 2016, Dorset and Wiltshire Fire and Rescue Service will be responsible and accountable via the new Dorset and Wiltshire Fire and Rescue Authority.

## Narrative Report

This publication, produced by the Treasurer, contains the Statement of Accounts for the Fire Authority for the year ended 31 March 2016. 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 2015/16 (the Code), published by CIPFA/LASAAC. The information contained in the Statement is of a highly technical nature, and readers may find it useful to refer to the glossary at the end of this document.

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

This Narrative Report provides a guide to the Statements that follow, describing changes in accounting policies and presentation that have occurred since the 2014/15 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 2014/15 to 2015/16

The 2015/16 Code has not required any material changes to the format of the Statement of Accounts.

## 3 Explanation of the Statements

The Statement of Accounts comprises the following elements -

### ◆ Narrative Report

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

### ◆ Statement of Accounting Policies

Accounting policies are included for all items that have a significant effect on the amounts included in the financial statements. Examples of such items include the measurement bases used, accruals, financial instruments, leases, overheads, provisions and reserves. All the policies have been reviewed and minor clarifications have been made. The new definition of fair value has been incorporated into relevant policies in line with the Code. Note 1 to the Financial Statements sets out the critical judgements that have been made in applying accounting policies.

## Narrative Report

### ◆ 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. The Treasurer signs this statement, stating that it gives a true and fair view of the financial position of the Authority at 31 March 2016 and of its income and expenditure for the year.

### ◆ Independent Auditor's Report

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

### ◆ The Financial Statements

There are four principal financial statements which, taken together, show the results of the stewardship and accountability of elected Members and management for the resources entrusted to them. These results are contained in the information about the Authority's financial position, performance and cash flows. Full information is presented relating to the year of account, 2015/16, with comparative information for the previous year, 2014/15, where required.

### ◆ 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 increased as the Authority spent less on running the Fire and Rescue Service in the year than was raised in resources. The significance of the balance on the Pensions Reserve is explained in paragraph 8 below.

## Narrative Report

Movement in Reserves Statement		31 March 2015	31 March 2016
	See Note	£	£
<u>Usable reserves</u>			
General Fund		-3,084,083	-3,400,690
Earmarked Reserves	5	-5,593,291	-9,186,645
Total usable reserves		-8,677,374	-12,587,335
<u>Unusable reserves</u>			
Pensions Reserve	28 & 16c	213,657,000	199,238,000
Reserves for accounting purposes	16	-6,155,198	-7,863,705
Total unusable reserves		207,501,802	191,374,295

### ◆ 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.

Comprehensive Income & Expenditure Statement		2014/15	2015/16
	See Note	£	£
<u>Cost of Services</u>			
Fire & Rescue Services		27,280,646	26,532,982
Non-distributed costs	28	0	18,000
Total Cost of Services	18	27,280,646	26,550,982
(Surplus)/Deficit on Provision of Services (in CIES)		7,369,223	1,621,533
Actual (increase)/decrease on the General Fund in the year (in MIRS)		-847,405	-316,607



## Narrative Report

### ◆ Balance Sheet

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

The most significant item in the Balance Sheet is the Pensions Liability, matched by the Pensions Reserve. These amounts are explained in Note 28 and later in this Narrative Report. The true net worth of the Authority is shown in this table by deducting the Pension Reserve from the total Reserves. This adjusted figure matches the net assets less the pensions liability.

Balance Sheet	31 March 2015	31 March 2016
	£	£
Long term assets	18,453,680	21,050,012
Current assets less current liabilities	413,895	2,921,382
Pensions Liability	-213,657,000	-199,238,000
Other long term liabilities	-4,035,003	-3,520,355
Net (liability)/assets	-198,824,428	-178,786,961
Net worth (Total Reserves)	198,824,428	178,786,961
Net worth excluding Pensions Reserve	-14,832,572	-20,451,039

## Narrative Report

### ◆ 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	2014/15 £	2015/16 £
Net cash flows arising from -		
Operating activities (transactions on Revenue Account, Grants and Council Tax)	-2,077,703	-5,252,707
Investing activities (purchase and sale of assets, investments and capital grants)	590,376	2,002,409
Financing activities (repayment of long-term borrowing)	776,495	469,291
Net (increase)/decrease in cash and cash equivalents	-710,832	-2,781,007

### ◆ 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. In the notes as in the statements, comparative figures for 2014/15 are shown where required.

### ◆ 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 that balance. The primary objective is to allow the separation of the cost of providing pensions from the cost of running a fire and rescue service. For this reason, the pension fund accounts are shown after the other financial statements. The net cost of the pensions in the year is met by a grant from the Government.

## Narrative Report

Firefighters' Pensions Fund Account	2014/15 £	2015/16 £
Income - Contributions from firefighters and the Fire Authority	-2,652,211	-2,872,044
Expenditure - Pensions, commutations and transfers paid to other schemes	4,559,108	5,495,118
Net cost of pensions met by Government Grant	1,906,897	2,623,074

### ◆ 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 2014/15, then 2015/16, followed by reasons for the most significant variations in 2015/16. The increase in income in 2015/16 is further explained in paragraph 7 below.

## Narrative Report

2014/15	Original Budget £	Approved Budget £	Outturn £	Variation £
Employees	19,135,100	19,181,500	18,331,821	-849,679
Premises	1,364,800	1,468,200	1,522,462	54,262
Transport	688,800	691,000	705,587	14,587
Supplies and Services	2,276,400	2,316,600	2,273,928	-42,672
Agency and Contracted Out Services	382,400	382,400	287,961	-94,439
Democratic Representation	57,800	57,800	54,987	-2,813
Capital Financing and Leasing	1,498,700	1,498,700	1,442,824	-55,876
Income	-381,100	-702,300	-973,141	-270,841
Transfers to (+) or from (-) Reserves	-218,700	-89,700	161,171	250,871
Net expenditure	24,804,200	24,804,200	23,807,600	-996,600

2015/16	Original Budget £	Approved Budget £	Outturn £	Variation £
Employees	19,382,000	20,585,900	19,701,639	-884,261
Premises	1,460,800	1,491,900	1,494,543	2,643
Transport	721,600	765,100	705,262	-59,838
Supplies and Services	2,552,200	3,374,900	3,254,861	-120,039
Agency and Contracted Out Services	428,400	661,600	484,986	-176,614
Democratic Representation	62,900	115,800	116,512	712
Capital Financing and Leasing	1,289,600	2,775,300	2,614,799	-160,501
Income	-933,300	-7,602,000	-7,675,662	-73,662
Transfers to (+) or from (-) Reserves	-357,300	2,438,400	2,596,753	158,353
Net expenditure	24,606,900	24,606,900	23,293,693	-1,313,207

## Narrative Report

Main reasons for variations in 2015/16	Variation from Budget	
	£	£
<u>Employees</u>		
Savings on pay costs for Wholetime and Control employees through active management of vacancies, secondments and the annual pay award being less than expected	-456,000	
Underspending on on-call (retained) firefighters' pay and allowances	-291,000	
Additional spending on corporate staff, including work to ensure transition to the new service	187,000	
Reversal of provision made in 2014/15 for pension commutations - cost met by Government	-300,000	
Net under-spending on other employee costs	-24,000	
		-884,000
<u>Running expenses</u>		
Reduced prices and lower consumption for vehicle fuel	-60,000	
Savings on maintenance and replacement of operational and personal protective equipment	-106,000	
Budget not used for consultancy and legal costs of combination	-149,000	
Reduced leasing costs and one-off refunds of leasing charges arising from changed regulations	-153,000	
Sum of variations on budgets for running expenses	-46,000	
		-514,000
<u>Income and transfers to or from reserves</u>		
Additional grants and contributions not included in budget, plus sales of vehicles	-49,000	
Higher yields on investments of greater cash balances	-25,000	
Budgetted transfer to General Reserve not needed in year	179,000	
Variations in transfers to and from earmarked reserves	-20,000	
		85,000
		-1,313,000

## Narrative Report

### 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.

Capital expenditure in the year	See Note	2014/15 £	2015/16 £
Enhancements to existing buildings		465,263	384,159
National Fire Control Services Partnership ICT systems		240,990	215,670
Furniture & fittings for new headquarters		0	194,555
Infrastructure harmonisation, other ICT systems and communications equipment		174,870	774,167
Thermal imaging cameras, solar panels & other equipment		147,922	49,471
Vehicles		349,571	447,773
Property, plant and equipment	6	1,378,616	2,065,795
Software licences (intangible assets)	7	11,278	392,691
<b>Total capital expenditure</b>	<b>24</b>	<b>1,389,894</b>	<b>2,458,486</b>

### 7 Material or unusual charges or credits

The Transformation Grant (£5,539,550) was credited to the Comprehensive Income and Expenditure Statement. The unused balance of grant (£2,987,219) was transferred to a new earmarked reserve for use in future years. In addition, part of the grant was used to pay rent in advance for the headquarters of the new Authority in Salisbury. That part of the rent which relates to future years (£835,833) was transferred to a separate reserve, so that the rent chargeable to the revenue account can be financed each year.

The Cost of Services includes a total of £1,720,458 for depreciation and amortisation charges (£1,429,650 in 2014/15). There were also revaluation losses of £301,581 and a credit for the reversal of previous revaluation losses of £1,413,910 (Nil in 2014/15). These net charges, which are analysed in Notes 6 and 7, do not fall on the General Fund, as they are transferred to capital reserves in the Movement in Reserves Statement.

## Narrative Report

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 (£2,755,112 in 2015/16; £2,635,819 in 2014/15).

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 (£685,895 in 2015/16; £691,607 in 2014/15) and capital expenditure financed from the revenue account (£1,485,561 in 2015/16; £272,099 in 2014/15). Direct revenue financing of capital is 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 £199,238,000 at 31 March 2016, a reduction of £14,419,000 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 schemes to which the Authority contributes - the Firefighters' Pension Scheme, which includes the 1992, 2006, 2015 and Modified schemes, and the Local Government Pension Scheme (LGPS), administered locally as the Wiltshire Council Fund. The transactions for the various firefighters' schemes are aggregated in the Accounts.

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

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The Comprehensive Income and Expenditure Statement is also charged, in the section for "Financing income and expenditure", with net interest on the defined benefit liability. The cost in 2015/16 was £6,792,000 (£7,669,000 in 2014/15). This charge is taken out of the General Fund in the Movement in Reserves Statement.

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

The Authority has appointed 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 2016 shows that outstanding debt stands at £3,648,000, of which £431,833 is repayable within a year, (£4,018,834 was outstanding at 31 March 2015, with £370,834 repayable within a year). Additionally, a finance lease has £318,147 to be repaid over the next four years, with £102,253 payable in 2016/17 (£416,604 outstanding at 31 March 2015; £98,457 repaid in 2015/16). Note 24 to the Financial Statements shows that capital spending in 2015/16 was financed by 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 2014/15 and 2015/16.

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.



## Narrative Report

### 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. No contingent assets or liabilities were recognised at 31 March 2015 or at 31 March 2016.

The Balance Sheet at 31 March 2016 contains three provisions totalling £601,699. These are set out in Note 14.

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. £5,189 remains in this provision at 31 March 2015. This is estimated to be sufficient to meet remaining claims for compensation.

In 2013/14, it became necessary to make a provision for £459,373 in respect of ill health pensions wrongly claimed from the Government. It is expected that this sum will be reclaimed during 2016.

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 £137,137 at 31 March 2016 (£110,248 at 31 March 2015).

During 2014/15, the Pensions Ombudsman made a determination that the Firefighters' Pension Schemes had failed to take account of revisions to commutation factors between 2001 and 2004. Although the costs of the Firefighters' Pension Schemes are normally reimbursed by the Government, it was expected that some costs would have to be met by the Authority. A provision of £300,000 was made, but as the Government did meet the cost, the provision was not needed and the whole amount was transferred back to the revenue account in 2015/16.

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

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Bad Debt Provisions	31 March 2015	31 March 2016
	£	£
Council Tax	-501,430	-518,979
Non-Domestic Rates	-21,123	-20,052
<b>Total</b>	<b>-522,553</b>	<b>-539,031</b>

### 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.

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

During 2014/15, the Authority continued to work towards a combination with the Dorset Fire Authority and subsequently the Combination Order was laid before Parliament by the Secretary of State for Communities and Local Government in March 2015.

Funding will continue to be challenging for the new Authority as under the comprehensive spending Review 2015, settlement funding for the new Authority is anticipated to reduce by 9.3%, 12.3%, 6% and 2.6% over the next four years to 2019/20. Future funding settlements will be influenced by many factors including the policies of the Government, the next Comprehensive Spending Review and the decisions to be made on transforming fire services.

The conclusion drawn from the analyses is that there will be significant financial challenges over the next four years for the new Authority, then it is expected that general reserves and balances will be stretched.










## Narrative Report

### 13 Performance 2015-16





Wiltshire FRS monitors performance in line with 'systems thinking' methodology, i.e. we only measure things that relate to our purpose and that we think about things from a customers point of view. A summary of the performance indicators for prevention, protection and response is provided below, which looks at the outcomes for the community.

Community outcome - Harm statistics		
Measure	Comment	Direction of travel
The number of fire related deaths:	Any fatality in a fire is a tragic loss, Wiltshire FRS continues to work towards zero fire deaths	→
The number of fire related deaths in accidental dwelling fires	Any fatality in a fire is a tragic loss, Wiltshire FRS continues to work towards zero fire deaths	→
The number of non fire related deaths at incidents attended	Any fatality is a tragic loss, since June 2012 the overall trend in number of non fire related deaths has been decreasing.	→
The number of people killed or seriously injured (KSI) in road traffic collisions (RTCs)	The numbers killed or seriously injured on our roads is fairly erratic month on month although the trend is showing an increase	←
The number of fire related Injuries	The trend is showing a reduction over the years.	→
The number of fire related injuries in accidental dwelling fires	The spike in July 2015 was down to one dwelling fire where 5 people were injured in one incident. The trend is reducing.	→
The number of non fire related Injuries at incidents attended	The trend in number of non fire related injuries has been decreasing. With last years number dropping more than would be expected.	→

## Narrative Report

The number of people that suffered slight injury in road traffic collisions	The trend is increasing.	
<b>Service demand - Incident overview</b>		
<b>Measure</b>	<b>Comment</b>	<b>Direction of travel</b>
The number of incidents that turned out to be false alarms attended by Wiltshire FRS	The trend in number of false alarm incidents is decreasing.	
The number of special service incidents (such as Flooding, RTCs etc.) attended by Wiltshire FRS	The trend in number of special service incidents is decreasing.	
The number of fire incidents attended by Wiltshire FRS	The trend in number of fire incidents is decreasing.	
<b>Response standards</b>		
<b>Measure</b>	<b>Comment</b>	<b>Direction of travel</b>
Percentage of dwelling fires attended within 20 minutes	Performance has declined over the last year, whilst still achieving 20 minutes consistently over 91% of the time.	
Percentage of dwelling fire attended within 10 minutes	We should expect to arrive at dwelling fires within 10 minutes between 43% and 93% of the time. The trend shows a slight decline in over the last few years.	
Percentage of RTCs attended within 20 minutes	Performance has been consistent over the last year.	
<b>Response performance</b>		
<b>Measure</b>	<b>Comment</b>	<b>Direction of travel</b>
The percentage of accidental dwelling fires confined to room of origin	Performance in this area has declined when compared to previous year's performance. The trend for last year shows a slight reduction.	
Fire severity in accidental dwelling fires	The majority of the accidental dwelling fires we respond to are of a low severity level.	

## Narrative Report

Prevention performance		
Measure	Comment	Direction of travel
The number of Home Fire Safety Visits completed to vulnerable groups	The trend is showing an increase in visits over the years.	
The number of accidental dwelling fire incidents	The trend is showing a reduction over the last three years and highlights a similar pattern year on year	
Protection performance		
Measure	Comment	Direction of travel
The amount and type of fire protection work carried out	The percentage of properties interacted with and the percentage of properties involved in consultations has stayed fairly consistent over the years.	
Outputs of activities undertaken	The total number of premises audited and prohibitions and prosecutions has stayed fairly consistent over the last two years.	

### 14 Further information

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

**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 2015/16 (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 an historic cost basis, but elements are included in the statements at fair value, which is defined in the Code as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

### 3 Accruals

The accounts of the 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

The fair value of financial instruments is disclosed in Note 8. When measuring the fair value of financial instruments, the Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient detail is available, maximising the use of observable inputs and minimising the use of unobservable inputs.

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

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

### 10 Foreign currency

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

### 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.

## Statement of Significant Accounting Policies

### 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.

### 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 for a finance lease as it would be for an operating lease.

## Statement of Significant Accounting Policies

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

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

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.

### 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.

## Statement of Significant Accounting Policies

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. The Code requires revaluations to be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. As the involvement of the Valuer incurs cost, and the Code expects all properties to be revalued at any one time, the Authority would only revalue more often than every five years in exceptional circumstances. It is recognised that the carrying amount may vary from fair value between valuations. Full valuations have been undertaken as at 31 March 2014 and 31 March 2016.

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.

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.

## Statement of Significant Accounting Policies

### Depreciation

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

## 20 Reserves

The Authority holds reserves to guard against unforeseen and unbudgeted expenditure. These usable reserves include the General Fund, unused 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 in the year.

Some reserves are kept to manage accounting processes, mainly for property, plant and equipment, and for retirement benefits. These do not represent usable resources for the Authority. They are shown as Unusable Reserves in the Balance Sheet and the Movement in Reserves Statement. Transactions in the year and further explanations are set out in Note 16 to the Financial Statements.

## Statement of Significant Accounting Policies

### 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.

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.

## Statement of Significant Accounting Policies

### 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 2016.

**Phil Chow**  
Treasurer



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

We have audited the financial statements of Wiltshire and Swindon Fire Authority for the year ended 31 March 2016 on pages 21 to 31 and 36 to 98. 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 2015/16.

This report is made solely to the Members of Dorset and Wiltshire Fire and Rescue Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work over the financial statements of Wiltshire and Swindon Fire Authority has been undertaken so that we might state to the Members of Dorset and Wiltshire Fire and Rescue 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 Dorset and Wiltshire Fire and Rescue 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 of Dorset and Wiltshire Fire and Rescue Authority is responsible for the preparation of the Statement of Accounts of Wiltshire and Swindon Fire Authority, 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 the financial statements 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 Narrative Report 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 Wiltshire and Swindon Fire Authority as at 31 March 2016 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 2015/16.

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

The Code of Audit Practice 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 Narrative Report 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 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or
- ◆ any recommendations have been made under section 24 of the Local Audit and Accountability Act 2014; or
- ◆ any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

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 its 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 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Comptroller and Auditor General (C&AG) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **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 criterion issued by C&AG in November 2015, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that 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 its use of resources for the year ended 31 March 2016.

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 its use of resources.

## Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, 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 its use of resources for the year ending 31 March 2016.

## 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 Local Audit and Accountability Act 2014 and the Code of Audit Practice.

**Darren Gilbert**

**for and on behalf of KPMG LLP, Appointed Auditor**

*Chartered Accountants*

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

21 September 2016

## Movement in Reserves Statement 2015/16

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.

	General Fund	Earmarked General Fund Reserves	Total Usable Reserves	Unusable Reserves	Total Reserves	See Notes
	£	£	£	£	£	
<b>Balance at 31 March 2014</b>	-2,236,678	-5,817,213	-8,053,891	172,480,095	164,426,204	
<b>Movement in reserves during 2014/15</b>						
Deficit on provision of services	7,369,223		7,369,223		7,369,223	
<u>Other Comprehensive Income and Expenditure</u>						
Movement in Pensions Reserve			0	27,029,000	27,029,000	28
Total Comprehensive Income and Expenditure	7,369,223	0	7,369,223	27,029,000	34,398,223	
<b>Adjustments between accounting basis and funding basis under regulations</b>						
<u>Reversal of items in the CIES</u>						
Depreciation and amortisation	-1,429,650		-1,429,650	1,429,650	0	6/7
Net gain or loss on sale of non-current assets	-86,591		-86,591	86,591	0	
Capital grants	868,558		868,558	-868,558	0	22
Retirement benefits under IAS19	-13,134,000		-13,134,000	13,134,000	0	28
Pensions Top-up Grant	1,912,181		1,912,181	-1,912,181	0	28
Council Tax & NNDR income adjustment	137,282		137,282	-137,282	0	16d
Employee benefits accrual adjustment	45,326		45,326	-45,326	0	16e

**Movement in Reserves Statement 2015/16**

	<b>General Fund</b>	<b>Earmarked General Fund Reserves</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Reserves</b>	<b>See Notes</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
<u>Insertion of items not in the CIES</u>						
Minimum Revenue Provision	691,607		691,607	-691,607	0	24
Revenue Provision in respect of finance leases	94,662		94,662	-94,662	0	24
Employers' contributions to pension schemes and payments to pensioners	2,635,819		2,635,819	-2,635,819	0	28
Capital expenditure charged to revenue	272,099		272,099	-272,099	0	24
<b>Other adjustments</b>						
Rounding	1		1		1	
Net (increase)/decrease before transfers to or from earmarked reserves	-623,483	0	-623,483	35,021,707	34,398,224	
<b>Transfers to or from earmarked reserves</b>	-223,922	223,922	0	0	0	5
(Increase)/decrease in the year	-847,405	223,922	-623,483	35,021,707	34,398,224	
<b>Balance at 31 March 2015</b>	-3,084,083	-5,593,291	-8,677,374	207,501,802	198,824,428	
<b>Movement in reserves during 2015/16</b>						
Deficit on provision of services	2,121,533		2,121,533		2,121,533	
<u>Other Comprehensive Income and Expenditure</u>						
Movement in Pensions Reserve			0	-22,159,000	-22,159,000	28
Total Comprehensive Income and Expenditure	2,121,533	0	2,121,533	-22,159,000	-20,037,467	

**Movement in Reserves Statement 2015/16**

	<b>General Fund</b>	<b>Earmarked General Fund Reserves</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Reserves</b>	<b>See Notes</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
<b>Adjustments between accounting basis and funding basis under regulations</b>						
<u>Reversal of items in the CIES</u>						
Depreciation and amortisation	-1,720,458		-1,720,458	1,720,458	0	6/7
Revaluation losses and reversal of previous losses	1,112,328		1,112,328	-1,112,328	0	6/7
Net gain or loss on sale of non-current assets	-2,094		-2,094	2,094	0	
Capital grants	0		0	0	0	
Retirement benefits under IAS19	-12,503,000		-12,503,000	12,503,000	0	28
Pensions Top-up Grant	2,007,888		2,007,888	-2,007,888	0	28
Council Tax & NNDR income adjustment	36,725		36,725	-36,725	0	16d
Employee benefits accrual adjustment	12,092		12,092	-12,092	0	16e
<u>Insertion of items not in the CIES</u>						
Minimum Revenue Provision	685,895		685,895	-685,895	0	24
Revenue Provision in respect of finance leases	98,457		98,457	-98,457	0	24
Employers' contributions to pension schemes and payments to pensioners	2,755,112		2,755,112	-2,755,112	0	28
Capital expenditure charged to revenue	1,485,561		1,485,561	-1,485,561	0	24
Net (increase)/decrease before transfers to or from earmarked reserves	-3,909,961	0	-3,909,961	-16,127,506	-20,037,467	
<b>Transfers to or from earmarked reserves</b>	<b>3,593,354</b>	<b>-3,593,354</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>
(Increase)/decrease in the year	-316,607	-3,593,354	-3,909,961	-16,127,506	-20,037,467	
<b>Balance at 31 March 2016</b>	<b>-3,400,690</b>	<b>-9,186,645</b>	<b>-12,587,335</b>	<b>191,374,296</b>	<b>178,786,961</b>	

## Comprehensive Income and Expenditure Statement 2015/16

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.

2014/15			2015/16		
Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
1,745,381	-102,388	1,642,993	1,712,674	-124,022	1,588,652
2,196,662	-243,321	1,953,341	2,155,498	-294,734	1,860,764
21,149,989	-543,238	20,606,751	20,753,651	-658,024	20,095,627
2,414,376	-64,095	2,350,281	2,369,132	-77,638	2,291,494
233,791	-4,654	229,137	229,410	-5,637	223,773
443,993	-22,540	421,453	425,590	-27,303	398,287
77,455	-765	76,690	75,312	-927	74,385
0	0	0	18,000	0	18,000
28,261,647	-981,001	27,280,646	27,739,267	-1,188,285	26,550,982
		86,591	0	-19,076	-19,076
		0	1,072,508	-5,614,550	-4,542,042
		86,591	1,072,508	-5,633,626	-4,561,118



## Comprehensive Income and Expenditure Statement 2015/16

2014/15			2015/16			
Gross Expenditure £	Gross Income £	Net Expenditure £		Gross Expenditure £	Gross Income £	Net Expenditure £
			<b>Financing &amp; Investment Income &amp; Expenditure</b>			
		216,907	Interest payable & similar charges			188,741
		7,669,000	Net interest on the Defined Benefit Liability			6,792,000
		-14,440	Interest Income			-44,779
		7,871,467	Total			6,935,962
			<b>Taxation &amp; Non-specific Grant Income</b>			
		-15,219,064	Council Tax Income			-15,798,625
		-2,421,794	Non-Domestic Rates Income			-2,438,434
		-1,770,196	Non-Domestic Rates Top Up Grant			-1,804,021
		-5,530,363	Revenue Support Grant			-4,598,234
		-147,325	Other non-ringfenced Government Grants			-157,091
		-1,912,181	Pensions Top-up Grant			-2,007,888
		-868,558	Capital Grants & Contributions			0
		-27,869,481	Total			-26,804,293
		7,369,223	<b>(Surplus)/Deficit on Provision of Services</b>			2,121,533
			<b>Other Comprehensive Income &amp; Expenditure</b>			
		27,029,000	Actuarial (Gains)/Losses on Pensions Assets & Liabilities			-22,159,000
		27,029,000	Total			-22,159,000
		34,398,223	<b>Total Comprehensive Income &amp; Expenditure</b>			-20,037,467

## 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 2015			31 March 2016		See Notes
£	£		£	£	
	10,322,741	Property, Plant & Equipment			6
	5,961,786	Land & Buildings		11,684,681	
	1,924,913	Vehicles		5,604,725	
		Plant, Furniture & Equipment		2,507,259	
	18,209,440			19,796,665	
	244,240	Intangible Assets		502,514	7
	0	Long Term Debtors		750,833	10
	18,453,680	<b>Long Term Assets</b>		21,050,012	
160,756		Inventories	213,889		9
1,622,920		Short Term Debtors	2,301,060		10
1,686,113		Cash & Cash Equivalents	4,467,120		11
1,012		Assets Held for Sale	3,775		12
	3,470,801	<b>Current Assets</b>		6,985,844	

## Balance Sheet

31 March 2015			31 March 2016		See Notes
£	£		£	£	
-370,834		Short Term Borrowing	-431,833		8
-1,700,276		Short Term Creditors	-2,928,676		13
-887,339		Provisions	-601,699		14
-98,457		Finance Lease Liabilities	-102,253		26
	-3,056,906	<b>Current Liabilities</b>		-4,064,461	
-318,147		Long Term Creditors - Finance Lease Liabilities	-215,894		26
-3,648,000		Long Term Borrowing	-3,216,167		8
-68,856		Revenue Grants Received in Advance	-88,295		22
-213,657,000		Net Pensions Liability	-199,238,000		28
	-217,692,003	<b>Long Term Liabilities</b>		-202,758,355	
	-198,824,428	<b>Net Assets</b>		-178,786,961	
-3,084,083		General Fund	-3,400,690		5
-5,593,291		Earmarked General Fund Reserves	-9,186,645		
	-8,677,374	<b>Usable Reserves</b>		-12,587,335	
-4,638		Revaluation Reserve	-3,084		16a
-5,919,613		Capital Adjustment Account	-7,580,857		16b
213,657,000		Pensions Reserve	199,238,000		16c
-272,733		Collection Fund Adjustment Account	-309,458		16d
41,786		Short Term Accumulating Compensated Absences Account	29,694		16e
	207,501,802	<b>Unusable Reserves</b>		191,374,296	
	198,824,428	<b>Total Reserves</b>		178,786,961	

## 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.

2014/15			2015/16		See Notes
£	£		£	£	
	7,369,223	<b>Net (surplus)/deficit on the provision of services</b>		2,121,533	
		Adjust net (surplus)/deficit on the provision of services for non-cash movements			
-1,324,270		Depreciation	-1,586,041		
0		Impairment and change in valuations	1,112,329		
-105,380		Amortisation	-134,417		
316,427		(Increase)/decrease in creditors	-861,405		
-354,845		Increase/(decrease) in debtors	1,421,177		
5,762		Increase/(decrease) in inventories	53,133		
-294,338		(Increase)/decrease in provisions	312,530		
-8,586,000		(Increase)/decrease in pension liability	-7,740,000		
27,160		Other non-cash items charged to the net surplus or deficit on the provision of services	27,284		
	-10,315,484	Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities		-7,395,410	
	0	Proceeds from the sale of property, plant and equipment	21,170		
	868,558	Capital Grants	0	21,170	
	-2,077,703	<b>Net cash flows from operating activities</b>		-5,252,707	17

## Cash Flow Statement

2014/15			2015/16		See Notes
£	£		£	£	
		<b>Investing activities</b>			
1,458,934		Purchase of property, plant, equipment and intangibles	2,023,579		
1,000,000		Purchase of short term investments	6,500,000		
0		Proceeds from sale of property, plant and equipment	-21,170		
-1,000,000		Proceeds from short term investments	-6,500,000		
-868,558		Capital Grants	0		
	590,376	<b>Net cash flows from investing activities</b>		2,002,409	
		<b>Financing activities</b>			
94,662		Cash payments for the reduction of the outstanding liability relating to a finance lease	98,457		
681,833		Repayments of long term borrowing	370,834		
	776,495	<b>Net cash flows from financing activities</b>		469,291	
	-710,832	<b>Net (increase)/decrease in cash and cash equivalents</b>		-2,781,007	
	975,281	<b>Cash and cash equivalents at the beginning of the year</b>		1,686,113	11
	1,686,113	<b>Cash and cash equivalents at the end of the year</b>		4,467,120	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 2015/16 were -

- ◆ Although the Authority ceases to exist on 1 April 2016, the Code makes it clear that the transfer of services under combinations of public sector bodies does not negate the presumption of going concern. The Combination Order also states that all property, rights and liabilities held or incurred by the two authorities will transfer to the new Authority on 1 April 2016.
- ◆ 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 Accounts since 2010/11. To counter this uncertainty, the Authority consulted widely and agreed with Dorset Fire Authority to seek a combination in order to continue to fulfil service obligations in both counties. The Dorset and Wiltshire Fire and Rescue Authority (Combination Scheme) Order 2015 was subsequently approved in Parliament. During 2015/16, a considerable amount of work was undertaken to prepare for the start of the new Authority on 1 April 2016, for which the Government provided a revenue grant as shown in Note 22. This grant enabled the Authority to continue to provide its services to the public using its existing resources. The Cost of Services in the Comprehensive Income and Expenditure Statement excludes the additional costs arising from the preparation for combination with Dorset.
- ◆ The Authority is working with three other Fire Authorities in a Networked Fire Control Services Partnership (NFCSP) project, which provides a collaborative approach to the provision of fire control services. Each service has retained its own control room but significant benefits are expected to be gained from working together. The judgement has been made that this is a joint operation in that each partner authority uses its own assets and other resources rather than establishing a separate entity with its own financial structure. The effect of this judgement is that there has been no requirement to initiate a regime involving Group Accounts. The full financial effects of the 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.

## Notes to the Financial Statements

### 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 2016 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 an earmarked reserve (see Note 5) to cover the cost of the pensions access rights of part time firefighters, which have been the subject of on-going legal decisions. It is not known whether the amount set aside in the Balance Sheet will be sufficient to meet the future revenue cost.
- ◆ 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 28g.
- ◆ The earmarked reserves listed in Note 5 include sums set aside to meet the costs of developing a new Safety Centre, for which resources have also been allocated by Dorset Fire Authority. It is intended that part of the Transformation Grant will be used for this purpose.

## Notes to the Financial Statements

### 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 financing of capital expenditure is set out in Note 24.

The Cost of Services includes a total of £1,720,458 for depreciation and amortisation charges (£1,429,650 in 2014/15). There were also revaluation losses of £301,581 and a credit for the reversal of previous revaluation losses of £1,413,910 (Nil in 2014/15). These net charges, which are analysed in Notes 6 and 7, do not fall on the General Fund, as they are transferred to capital reserves in the Movement in Reserves Statement.

The Transformation Grant (£5,539,550) was credited to the Comprehensive Income and Expenditure Statement. The unused balance of grant (£2,987,219) was transferred to a new earmarked reserve for use in future years. In addition, part of the grant was used to pay rent in advance for the headquarters of the new Authority in Salisbury. That part of the rent which relates to future years (£835,833) was transferred to a separate reserve, so that the rent chargeable to the revenue account can be financed each year.

### 4 Events after the Balance Sheet date

Post balance sheet events occur between the balance sheet date (31 March 2016) and the date on which the accounts are authorised for issue. Events which have a material effect on the accounts must be disclosed in a note. No such events were identified before the audited accounts were authorised for issue by the Treasurer on 15 September 2016.

The Authority itself ceased to exist on 1 April 2016. All property, rights and liabilities transferred to the Dorset and Wiltshire Fire and Rescue Authority.

On 23 June 2016, a national Referendum resulted in a vote for the United Kingdom to leave the European Union. This may affect the level of resources available to the Authority in the future, but the effect is both uncertain and unquantifiable.



## Notes to the Financial Statements

### 5 Transfers to and from earmarked reserves

	Balance 1 Apr 14 £	Transfers out £	Transfers in £	Balance 31 Mar 15 £	Transfers out £	Transfers in £	Balance 31 Mar 16 £	See note below
Hydrants	-118,700	0	0	-118,700	0	0	-118,700	A
Ill Health Retirement	-619,983	59,196	0	-560,787	111,748	0	-449,039	B
Insurance	-50,000	0	0	-50,000	0	0	-50,000	C
Unused grants	-1,711,149	601,910	-80,505	-1,189,744	445,453	-26,524	-770,815	D
Transformation Grant	0	0	0	0	0	-2,987,219	-2,987,219	E
RDS - Impact of PTW Regulations	-1,000,000	0	0	-1,000,000	0	0	-1,000,000	F
Transformational Improvement	-1,510,681	0	0	-1,510,681	721,966	0	-788,715	G
Training	-35,000	0	0	-35,000	0	0	-35,000	H
Capital Replacement	-200,000	0	-100,000	-300,000	0	-474,601	-774,601	I
Community Safety Innovation	-50,000	0	0	-50,000	0	0	-50,000	J
Planning Gain	-21,700	0	-107,484	-129,184	0	-52,286	-181,470	K
Combined Control Contingency	-500,000	0	0	-500,000	120,539	0	-379,461	L
Inland Revenue	0	0	-49,195	-49,195	0	0	-49,195	M
Business Rates Funding Adjustments	0	0	-100,000	-100,000	0	0	-100,000	N
Safeguarding	0	0	0	0	5,403	-18,000	-12,597	O
Fitness Training	0	0	0	0	0	-104,000	-104,000	P
Safety Centre Matched Funding	0	0	0	0	0	-500,000	-500,000	Q
Leasing Rental	0	0	0	0	0	-835,833	-835,833	R
<b>Total</b>	<b>-5,817,213</b>	<b>661,106</b>	<b>-437,184</b>	<b>-5,593,291</b>	<b>1,405,109</b>	<b>-4,998,463</b>	<b>-9,186,645</b>	

## 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 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.

### C 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.

### D 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.

### E Transformation Grant

During 2015/16 the Authority was awarded a £5,539,550 Transformation Grant from Government to cover the costs of the combination with Dorset Fire Authority. £2,552,331 of this grant was used during the year, and the remainder will be carried forward as an unused grant, to fund further combination related expenditure.

## Notes to the Financial Statements

### **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.

### **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 in anticipation of additional costs which may be incurred during the lead up to the combination with Dorset Fire Authority. A transfer back to revenue was made in 2015/16 for this purpose.

### **H 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.

### **I Capital Replacement**

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. An additional sum of £375,000 was added to this reserve during 2015/16, from the 2014/15 underspending.

### **J 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.

### **K 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, provided there are no conditions attached which may lead to repayment of the contribution. Where such conditions do exist, the income is carried in the balance sheet as Revenue Grants Received in Advance, within long term liabilities.

## Notes to the Financial Statements

### **L 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 finance the additional costs of setting up the joint command and control centre with Dorset Fire and Rescue Service, located at the Wiltshire Fire and Rescue Service headquarters in Potterne.

### **M Inland Revenue**

This reserve was set up out of the underspending in 2013/14 to cover the potential cost of tax implications with the introduction of the provided cars scheme for officers.

### **N Business Rates Funding Adjustments**

Following the incorporation of Fire Authorities into the business rates funding mechanism for local authorities in 2013/14, evidence showed that actual figures could vary significantly from the estimates made by the billing authorities. This reserve was set up to mitigate the effect of large variations arising from rating appeals and reliefs.

### **O Safeguarding**

An amount of £20,000 was added as a one-off budget for 2014/15 to undertake basic checks on all staff in connection with the security requirements for the transition to the Public Service Network (PSN). These checks are carried out by 'Disclosure Scotland'. Due to the number of checks needed to be made, they were not able to be completed during 2014/15 but continued into 2015/16, and are likely to be completed during 2016/17. An amount of £18,000 was set to fund these checks from the 2014/15 underspending, of which £5,403 has been used during 2015/16.

### **P Fitness Training**

Firefighter fitness standards have been introduced nationally, with fitness tests being a mandatory requirement. £104,000 was set aside from the 2014/15 underspending to meet the costs of the associated fitness and testing equipment, training and staffing costs.

### **Q Safety Centre Matched Funding**

When submitting the bid for the Transformation Grant (see E, above) as part of the combination with Dorset Fire Authority, £1m was identified as matched funding, to be met by a contribution of £500,000 each from Wiltshire & Swindon Fire authority and Dorset Fire Authority. A transfer of £500,000 was therefore made from the 2014/15 underspending for that purpose.

## Notes to the Financial Statements

### R Leasing Rental

The Authority has an operating lease for the use of offices at the Five Rivers Health and Wellbeing Centre in Salisbury, which is the new headquarters for the combined Dorset & Wiltshire Fire and Rescue Authority. The lease is for ten years, with rental of £85,000 per annum. A payment in advance of £850,000 to cover the ten-year lease was made to Wiltshire Council during 2015/16, with £14,167 being charged to revenue during the year (for two months' occupancy), and the balance carried forward as a prepayment. The remaining rent will be charged annually to revenue until 2025/26. Part of the Transformation Grant (see E, above) was intended to cover the £850,000 rental and so the £835,833 not used during 2015/16 has been transferred to an earmarked reserve, set aside for this purpose, so that each year's rent is matched by a transfer from the reserve.

## Notes to the Financial Statements

### 6 Property, plant and equipment

#### A Movements on balances

2014/15 (Prior year)	Land & Buildings £	Vehicles £	Plant & Equipment £	Total £
<u>Cost or valuation</u>				
At 1 April 2014	10,016,226	9,268,469	4,313,128	23,597,823
Additions	449,874	349,571	579,171	1,378,616
Derecognition due to disposals	0	0	-435,728	-435,728
At 31 March 2015	10,466,100	9,618,040	4,456,571	24,540,711
<u>Depreciation and impairment</u>				
At 1 April 2014	0	-2,898,174	-2,474,019	-5,372,193
Depreciation charge for the year	-143,359	-758,080	-422,831	-1,324,270
Derecognition due to disposals	0	0	365,192	365,192
At 31 March 2015	-143,359	-3,656,254	-2,531,658	-6,331,271
<u>Net book value</u>				
At 31 March 2015	10,322,741	5,961,786	1,924,913	18,209,440
At 1 April 2014	10,016,226	6,370,295	1,839,109	18,225,630

## Notes to the Financial Statements

2014/15 (Prior year)	Land & Buildings £	Vehicles £	Plant & Equipment £	Total £
<u>Nature of asset holding at 31 March 2015</u>				
Owned	10,322,741	5,557,962	1,924,913	17,805,616
Finance lease	0	403,824	0	403,824
<b>Total</b>	<b>10,322,741</b>	<b>5,961,786</b>	<b>1,924,913</b>	<b>18,209,440</b>

2015/16 (Current year)	Land & Buildings £	Vehicles £	Plant & Equipment £	Total £
<u>Cost or valuation</u>				
At 1 April 2015	10,466,100	9,618,040	4,456,571	24,540,711
Additions	384,159	447,773	1,233,863	2,065,795
Revaluations	834,422	0	0	834,422
Reclassifications to Assets Held for Sale	0	-53,353	0	-53,353
Derecognition due to disposals	0	-49,096	-413,503	-462,599
<b>At 31 March 2016</b>	<b>11,684,681</b>	<b>9,963,364</b>	<b>5,276,931</b>	<b>26,924,976</b>
<u>Depreciation and impairment</u>				
At 1 April 2015	-143,359	-3,656,254	-2,531,658	-6,331,271
Depreciation charge for the year	-134,548	-799,976	-651,517	-1,586,041
Revaluations	277,907	0	0	277,907
Reclassifications to Assets Held for Sale	0	49,578	0	49,578
Derecognition due to disposals	0	48,014	413,503	461,517
<b>At 31 March 2016</b>	<b>0</b>	<b>-4,358,638</b>	<b>-2,769,672</b>	<b>-7,128,310</b>

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## Notes to the Financial Statements

2015/16 (Current year)	Land & Buildings £	Vehicles £	Plant & Equipment £	Total £
<u>Net book value</u>				
At 31 March 2016	11,684,681	5,604,726	2,507,259	19,796,666
At 1 April 2015	10,322,741	5,961,786	1,924,913	18,209,440
<u>Nature of asset holding at 31 March 2016</u>				
Owned	11,684,681	5,288,205	2,507,259	19,480,145
Finance lease	0	316,521	0	316,521
Total	11,684,681	5,604,726	2,507,259	19,796,666

### B Effect of changes in estimates

The residual values and estimated lives of all owned vehicles and equipment were reviewed in accordance with the Code and in consultation with the Fleet Engineer and other officers. There was no material change to these estimates during 2015/16.

### 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 2016 by the Authority's valuers, BNP Paribas, who are RICS qualified and external to the Authority. This resulted in a revaluation loss of £301,581 and a reversal of previous losses of £1,413,910, which were charged and credited to the Cost of Services in the Comprehensive Income and Expenditure Statement.



## 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	85,844	4
Redkite Asset Management System	2011/12	24,450	5
Financial Management System - Upgrade	2011/12	39,845	5
Network Development	2012/13	22,276	2
Data Centre Resilience	2015/16	135,437	4
Security Management	2015/16	47,464	4
Voice Integration	2015/16	62,475	4
Financial Management System - Convergence	2015/16	55,326	9

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.

Movement on Intangible Assets		2015/16		
		Gross Value £	Amortisation £	Net Value £
2014/15 £				
760,624	Gross carrying amounts at start of year	730,966		730,966
-406,227	Accumulated amortisation at start of year		-486,726	-486,726
354,397				244,240
11,278	Additions	392,691		392,691
-16,055	Derecognition due to disposals	-24,503	24,503	0
-105,380	Amortisation for the period written off to revenue		-134,417	-134,417
244,240	Carrying amount at end of year	1,099,154	-596,640	502,514

## Notes to the Financial Statements

### 8 Financial instruments

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

31 March 2015			31 March 2016		
Long term	Current		Long term	Current	
£	£		£	£	
		<u>Financial Assets</u>			
0	1,658,033	Investments (Cash equivalents)	0	4,467,120	
0	378,811	Trade debtors	0	545,080	
0	2,036,844		0	5,012,200	
		<u>Financial Liabilities</u>			
-3,648,000	-370,834	Borrowings at amortised cost (PWLB loans)	-3,216,167	-431,833	
-318,147	-98,457	Finance lease liabilities	-215,894	-102,253	
0	-1,328,426	Trade creditors	0	-2,088,855	
-3,966,147	-1,797,717		-3,432,061	-2,622,941	

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 are calculated as follows:

31 March 2015			31 March 2016		
PWLB loans	Finance lease		PWLB loans	Finance lease	
£	£		£	£	
4,405,693	437,172	Fair value	3,919,257	331,442	
4,018,834	416,604	Carrying amount	3,648,000	318,147	
386,859	20,568		271,257	13,295	

## Notes to the Financial Statements

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

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

31 March 2015					31 March 2016			
Level 1*	Level 2*	Level 3*	Total		Level 1*	Level 2*	Level 3*	Total
£	£	£	£		£	£	£	£
4,405,693	0	0	4,405,693	PWLB Loans	3,919,257	0	0	3,919,257
0	437,172	0	437,172	Finance Lease	0	331,442	0	331,442
4,405,693	437,172	0	4,842,865		3,919,257	331,442	0	4,250,699

\* As referred to in paragraph 9 of the Accounting Policies, the levels in the fair value hierarchy are as follows:

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

Level 2 - Other significant observable inputs.

Level 3 - Significant unobservable inputs.

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

- ◆ PWLB loans are discounted at the equivalent rate applicable at 31 March on new loans taken out for the period remaining on each loan;
- ◆ no early repayment or impairment is recognised;
- ◆ where maturity is within 12 months, the carrying amount is assumed to approximate to the fair value;
- ◆ finance leases are discounted at the PWLB rate as for loans;
- ◆ the fair value of debtors and creditors is the invoiced amount;
- ◆ where investments are counted as cash equivalents, their fair value is the same as the carrying amount; and
- ◆ other investments taken out close to the year end and maturing within 12 months have a fair value that is the the same as the carrying amount.

## Notes to the Financial Statements

### 9 Inventories

2014/15				2015/16				
Clothing £	Equipment £	Fuel £	Total £		Clothing £	Equipment £	Fuel £	Total £
89,618	47,652	17,724	154,994	Balance at start of year	106,061	42,273	12,422	160,756
90,535	50,256	66,340	207,131	Purchases	203,690	38,586	49,655	291,931
-73,432	-55,257	-71,642	-200,331	Recognised as an expense in the year	-155,728	-36,873	-46,197	-238,798
-660	-378	0	-1,038	Written off	0	0	0	0
106,061	42,273	12,422	160,756	Balance at end of year	154,023	43,986	15,880	213,889

### 10 Debtors

31 March 2015 £		31 March 2016 £	
191,084	Central government bodies	666,302	
575,960	Other local authorities	1,632,961	
11,746	NHS bodies	29,418	
33,975	Public corporations and trading funds	19,360	
810,155	Other entities and individuals	703,852	
1,622,920	Total debtors	3,051,893	
	Comprising -		
0	Long term debtors	750,833	
1,622,920	Short term debtors	2,301,060	
1,622,920		3,051,893	

## Notes to the Financial Statements

### 11 Cash and cash equivalents

31 March 2015		31 March 2016
£		£
5,275	Cash held by the Authority	2,775
2,805	Bank current accounts	42,358
1,678,033	Call and deposit accounts with banks	4,421,987
1,686,113	Total cash and cash equivalents	4,467,120

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

2014/15		2015/16
£		£
1,012	Balance at 1 April	1,012
0	Assets newly classified as held for sale	3,775
0	Assets sold	-1,012
1,012	Balance at 31 March	3,775

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.

## Notes to the Financial Statements

### 13 Creditors

31 March 2015 £		31 March 2016 £
-438,455	Central government bodies	-580,477
-181,023	Other local authorities	-887,726
-26	Public corporations and trading funds	-27,060
-1,497,376	Other entities and individuals	-1,751,560
-2,116,880	Total creditors	-3,246,823
	Comprising -	
-318,147	Long term creditors - Finance lease liabilities (see Note 26)	-215,894
-1,700,276	Short term creditors	-2,928,676
-98,457	Finance lease liabilities (see Note 26)	-102,253
-2,116,880		-3,246,823

### 14 Provisions

Provision for Part-time Workers (Compensation)		£
Balance at 1 April 2015		-17,718
Amounts used in 2015/16		12,529
Balance at 31 March 2016		-5,189

## Notes to the Financial Statements

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, was made in 2013/14 and the remaining provision is still considered adequate for outstanding obligations.

<b>Provision for Non-Domestic Rates Appeals</b>	<b>Wiltshire Council</b>	<b>Swindon Borough Council</b>	<b>Total Provision</b>
	£	£	£
Balance at 1 April 2015	-34,556	-75,692	-110,248
Share of Provisions made in 2015/16	-1,123	-25,766	-26,889
Balance at 31 March 2016	-35,679	-101,458	-137,137

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.

<b>Provision for Ill Health Pensions Paid 2006-2013</b>	£
Balance at 1 April 2015	-459,373
Balance at 31 March 2016	-459,373

## Notes to the Financial Statements

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 take steps to recover the cost in 2016.

Provision for Additional Firefighter Commutations	
	£
Balance at 1 April 2015	-300,000
Reversal of provision to revenue during 2015/16	300,000
Balance at 31 March 2016	0

The Pensions Ombudsman made a determination that the Firefighters' Pension Schemes had failed to take account of revisions to commutation factors between 2001 and 2004. The estimated cost to the Authority for additional pension payments to more than thirty eligible firefighters was £300,000 and a provision to cover these costs was established during 2014/15. The actual cost to the Authority was £449,857, which was met by an additional top-up grant from Government during 2015/16, meaning the provision was no longer required.

The total provisions (£601,699) 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.



## Notes to the Financial Statements

### 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.

2014/15 £	Revaluation Reserve	2015/16 £
-4,638	Balance at 1 April	-4,638
0	Write out accumulated gains on assets sold or scrapped	1,554
-4,638	Balance at 31 March	-3,084

## Notes to the Financial Statements

### b Capital Adjustment Account

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

2014/15 £	Capital Adjustment Account	2015/16 £	£
-5,508,928	Balance at 1 April		-5,919,613
	Reversal of items relating to capital expenditure charged or credited to CIES		
1,324,270	Depreciation of non-current assets	1,586,041	
0	Revaluation losses on Property, Plant and Equipment	301,581	
0	Reversal of previous revaluation losses	-1,413,909	
105,380	Amortisation of intangible assets	134,417	
86,591	Amounts of non-current assets written out on sale or disposal	540	
1,516,241	Net written out as the cost of non-current assets consumed in the year		608,670
	Capital financing applied in the year		
-868,558	Capital Grants credited to CIES and applied to capital financing	0	
-272,099	Capital expenditure charged against the General Fund	-1,485,562	
-691,607	Statutory provision for debt repayment	-685,895	
-94,662	Revenue provision in respect of finance leases	-98,457	
-1,926,926			-2,269,914
-5,919,613	Balance at 31 March		-7,580,857

## 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.

2014/15 £	Pensions Reserve	2015/16 £
178,042,000	Balance at 1 April	213,657,000
27,029,000	Actuarial gains or losses on pensions assets and liabilities	-22,159,000
11,221,819	Reversal of items relating to retirement benefits charged or (credited) to the CIES Deficit on the Provision of Services	10,495,112
-2,635,819	Employer's pension contributions and direct payments to pensioners payable in the year	-2,755,112
213,657,000	Balance at 31 March	199,238,000

### 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.

2014/15 £	Collection Fund Adjustment Account	2015/16 £
-135,451	Balance at 1 April	-272,733
	Amount by which the income credited to the CIES differs from that calculated for the year in accordance with statutory requirements	
-109,417	Council Tax	7,253
-27,865	Non-Domestic Rates	-43,978
-272,733	Balance at 31 March	-309,458

### 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.

2014/15 £	Short Term Accumulating Absences Account	£	2015/16 £
87,112	Balance at 1 April		41,786
-87,112	Settlement or cancellation of accrual made at the end of the preceding year	-41,786	
41,786	Amounts accrued at the end of the current year	29,694	
-45,326	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		-12,092
41,786	Balance at 31 March		29,694

## Notes to the Financial Statements

### 17 Cash Flow Statement - Operating activities

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

2014/15		2015/16
£		£
-14,440	Interest received	-44,779
197,929	Interest paid	173,558
18,978	Interest paid on finance leases	15,183

### 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).

2014/15			2015/16	
£	£		£	£
18,455,538		<u>Expenditure</u>		
1,399,230		Employees	19,701,639	
705,102		Premises	1,494,543	
2,273,928		Transport	705,262	
287,961		Supplies & Services	3,254,861	
54,987		Agency & Contracted Out Services	484,986	
1,442,824		Democratic Representation	116,512	
		Capital Financing & Leasing	2,614,799	
	24,619,570			28,372,602
		<u>Income</u>		
-811,441		General income	-7,478,103	
-14,440		Interest	-44,779	
-147,260		Grants	-152,780	
	-973,141			-7,675,662
	161,171	Contributions to or from reserves		2,596,753
	23,807,600	<b>Net expenditure</b>		23,293,693
	7,111,513	Amounts in the CIES not reported to management		6,307,039
	-3,638,467	Amounts in management information not included in the Cost of Services in the CIES		-3,049,750
	27,280,646	<b>Cost of Services in CIES</b>		26,550,982

## 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.

2014/15 (Prior year)	Net expenditure on table at 18b £	Amounts not reported to management £	Amounts not in Cost of Services £	CIES		
				Cost of Services £	Other corporate amounts £	Total £
Fees, charges and other service income	-650,270	-15,136	-161,171	-826,577	0	-826,577
Interest and investment income	-14,440	0	14,440	0	-14,440	-14,440
Income from Council Tax	0	0	0	0	-15,219,064	-15,219,064
Income from Non-Domestic Rates	0	0	0	0	-2,421,794	-2,421,794
Government Grants and contributions	-147,260	0	147,260	0	-10,228,623	-10,228,623
<b>Total income</b>	<b>-811,970</b>	<b>-15,136</b>	<b>529</b>	<b>-826,577</b>	<b>-27,883,921</b>	<b>-28,710,498</b>
Employee expenses	18,455,538	5,542,364	-2,635,819	21,362,083	0	21,362,083
Other service expenses	5,947,125	154,635	-786,270	5,315,490	0	5,315,490
Non-distributed Costs	0	0	0	0	0	0
Depreciation, amortisation and revaluations	0	1,429,650	0	1,429,650	0	1,429,650
Interest payments	216,907	0	-216,907	0	7,885,907	7,885,907
Gain/loss on disposal of non-current assets	0	0	0	0	86,591	86,591
<b>Total expenditure</b>	<b>24,619,570</b>	<b>7,126,649</b>	<b>-3,638,996</b>	<b>28,107,223</b>	<b>7,972,498</b>	<b>36,079,721</b>
<b>Net expenditure</b>	<b>23,807,600</b>	<b>7,111,513</b>	<b>-3,638,467</b>	<b>27,280,646</b>	<b>-19,911,423</b>	<b>7,369,223</b>

## Notes to the Financial Statements

2015/16 (Current year)	Net expenditure on table at 18b £	Amounts not reported to management £	Amounts not in Cost of Services £	CIES		Total £
				Cost of Services £	Other corporate costs £	
Fees, charges and other service income	-4,881,349	-89,062	3,782,126	-1,188,285	-5,634,568	-6,822,853
Interest and investment income	-44,779	0	44,779	0	-44,779	-44,779
Income from Council Tax	0	0	0	0	-15,798,625	-15,798,625
Income from Non-Domestic Rates	0	0	0	0	-2,438,434	-2,438,434
Government Grants and contributions	-152,780	0	152,780	0	-9,067,234	-9,067,234
<b>Total income</b>	<b>-5,078,908</b>	<b>-89,062</b>	<b>3,979,685</b>	<b>-1,188,285</b>	<b>-32,983,640</b>	<b>-34,171,925</b>
Employee expenses	19,701,638	5,680,908	-3,419,217	21,963,329	664,105	22,627,434
Other service expenses	8,482,222	11,645	-3,421,547	5,072,320	408,403	5,480,723
Non-distributed Costs	0	18,000	0	18,000	0	18,000
Depreciation, amortisation and revaluations	0	685,548		685,548		685,548
Interest payments	188,741	0	-188,741	0	6,980,741	6,980,741
Gain/loss on disposal of non-current assets	0		70	70	942	1,012
<b>Total expenditure</b>	<b>28,372,601</b>	<b>6,396,101</b>	<b>-7,029,435</b>	<b>27,739,267</b>	<b>8,054,191</b>	<b>35,793,458</b>
<b>Net expenditure</b>	<b>23,293,693</b>	<b>6,307,039</b>	<b>-3,049,750</b>	<b>26,550,982</b>	<b>-24,929,449</b>	<b>1,621,533</b>



## 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.

Wiltshire & Swindon Fire Authority	Basic £	Special responsibility £	Co-optees £	Travel and subsistence £	Total £
Baynes, C S	0	0	601	41	642
Bennett, A R M	419	0	0	0	419
Clark, E F	2,697	0	0	0	2,697
Cronin, M J	0	0	601	0	601
Devine, C	2,806	11,130	0	0	13,936
Edge, P	2,697	0	0	367	3,064
Groom, M	2,697	0	0	437	3,134
Jones, R	2,719	2,226	0	755	5,700
Knight, J R	2,697	0	0	136	2,833
Martin, N D	2,697	0	0	290	2,987
Newbury, C N	2,697	443	0	81	3,221
Payne, G D	2,719	1,784	0	317	4,820
Perkins, G	2,743	4,751	0	522	8,016
Shaw, E	2,265	0	0	94	2,359
Tray, J	2,697	0	0	335	3,032
Wayman, B	2,697	0	0	242	2,939
Total for 2015/16	35,247	20,334	1,202	3,617	60,400
Total for 2014/15	33,771	19,349	1,159	3,482	57,761

Members of the Shadow Dorset & Wiltshire Fire and Rescue Authority were paid the following amounts in the year. These costs were met by the Transformation Grant.

Notes to the Financial Statements

Shadow Dorset & Wiltshire Fire and Rescue Authority	Basic	Special responsibility	Combination Oversight Board	Travel and subsistence	Total
	£	£	£	£	£
Amin, A	1,290	0	0	72	1,362
Anderson, M E J	1,319	0	0	51	1,370
Burden, L F G	1,298	0	0	0	1,298
Byatt, M	1,408	0	0	0	1,408
Clark, E F	1,331	0	0	0	1,331
Davies, M	1,319	0	0	0	1,319
Devine, C	1,331	2,661	1,435	0	5,427
Dunlop, B A	1,319	0	0	0	1,319
Eades, P M	1,298	0	0	0	1,298
Edge, P	1,331	0	146	79	1,556
Flower, S G	1,408	704	0	0	2,112
Groom, M	1,331	665	332	220	2,548
Haines, J C	1,290	0	0	0	1,290
Jeffries, J C	1,408	0	0	0	1,408
Jones, D T	1,425	687	0	0	2,112
Jones, R	1,331	665	1,435	0	3,431
Knight, J R	1,331	0	0	162	1,493
Lovell, C	1,290	0	0	0	1,290
Newbury, C N	1,331	0	0	47	1,378
Payne, G D	1,331	665	695	0	2,691
Perkins, G	1,290	645	1,435	127	3,497
Rochester, C P J	1,319	659	0	125	2,103
Rogers, R T	1,331	0	0	0	1,331
Stribley, A M	1,298	649	0	0	1,947
Tray, J	1,290	0	0	85	1,375
Wayman, B	1,331	665	1,435	197	3,628
<b>Total for 2015/16</b>	<b>34,579</b>	<b>8,665</b>	<b>6,913</b>	<b>1,165</b>	<b>51,322</b>

## 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 excludes those officers listed in Note 20B, but includes the effect of exit packages shown in Note 20C.

2014/15 No.	Remuneration band	2015/16 No.
15	£50,000 - £54,999	23
9	£55,000 - £59,999	8
2	£60,000 - £64,999	6
4	£65,000 - £69,999	1
1	£70,000 - £74,999	4
0	£75,000 - £79,999	1
0	£80,000 - £84,999	0
0	£85,000 - £89,999	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

2015/16	Salary, fees and allowances £	Expenses & Benefits in kind £	Compensation for loss of office £	Total excluding pension £	Employers' pension contributions £	Total £	See note
<b>Brigade Manager</b>							
Chief Fire Officer and Chief Executive	62,134	138	63,941	126,213	0	126,213	1
Deputy Chief Fire Officer	103,084	138	0	103,222	17,524	120,746	3
Brigade Manager: People & Development	77,774	119	78,655	156,548	13,011	169,559	2
Brigade Manager: Governance & Assurance	78,665	4,619	0	83,284	13,373	96,657	4
<b>Total</b>	<b>321,657</b>	<b>5,014</b>	<b>142,596</b>	<b>469,267</b>	<b>43,908</b>	<b>513,175</b>	

2014/15	Salary, fees and allowances £	Expenses £	Benefits in kind £	Total excluding pension £	Employers' pension contributions £	Total £
<b>Brigade Manager</b>						
Chief Fire Officer and Chief Executive	60,562	138	0	60,700	0	60,700
Deputy Chief Fire Officer	95,296	138	0	95,434	15,724	111,158
Brigade Manager: People & Development	75,508	78	0	75,586	12,254	87,840
Brigade Manager: Governance & Assurance	74,269	0	4,143	78,412	12,254	90,666
<b>Total</b>	<b>305,635</b>	<b>354</b>	<b>4,143</b>	<b>310,132</b>	<b>40,232</b>	<b>350,364</b>

- Notes:
- 1 The Chief Fire Officer and Chief Executive agreed redundancy terms before the end of the year and left on 31 March 2016.
  - 2 The Brigade Manager: People & Development agreed terms, but left after the end of the financial year. In accordance with the Code, redundancy and associated costs were accrued as at the date when the agreement could not be withdrawn.
  - 3 The postholder became Assistant Chief Fire Officer (Designate) for Dorset and Wiltshire Fire and Rescue Service on 1 September 2015. The salary for this post is £105,000.
  - 4 The postholder became Finance Director and Treasurer (Designate) for Dorset and Wiltshire Fire and Rescue Service on 1 September 2015. The salary for this post is £80,000.

## 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 2014/15 or 2015/16 and no other departures in 2014/15. The Authority invited staff to volunteer for redundancy during 2015/16, as part of the restructuring consequent upon the decision to combine with Dorset Fire Authority.

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

Exit package cost band	2015/16	
	No.	£
£0 - £20,000	6	78,384
£20,001 - £40,000	6	148,355
£40,001 - £60,000	1	42,072
£60,001 - £80,000	3	208,260
£80,001 - £100,000	1	81,330
Total	17	558,401

### 21 External audit costs

The Authority's external auditors charged £28,328 for work undertaken in 2015/16 and £8,750 for value for money work in relation to the combination with Dorset Fire Authority, making a total of £37,078 charged to the Cost of Services. In 2014,15, the total was £38,889, comprising £40,371 for audit work, £2,500 for a review of the Medium Term Financial Strategy and a £3,882 rebate from the Audit Commission.

## 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 (DCLG) 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.

2014/15		2015/16	
£		£	£
	<u>Credited to the Cost of Services</u>		
-41,979	National Resilience Grant (New Dimension)	-41,985	
-5,191	New Burdens Grants	-7,679	
0	Transformation Grant	-5,539,550	
-43,955	Contributions for Safe Drive initiative	-18,950	
-113,746	Grants and contributions towards fire prevention activities	-144,802	
-251,762	Firelink Revenue Grant	-237,804	
-107,484	Developers' contributions	-52,286	
-24,073	Other grants and contributions	-81,000	
-588,190			-6,124,056
	<u>Credited to Taxation and Non-specific Grant Income</u>		
-5,530,363	Revenue Support Grant	-4,598,234	
-1,770,196	Non-Domestic Rates Top Up Grant	-1,804,021	
-868,558	General Capital Grant	0	
-1,912,181	Pensions Top-up Grant	-2,007,888	
-147,325	Other non-ringfenced Government Grants	-157,091	
-10,228,623			-8,567,234
-10,816,813	Total credited to the Comprehensive Income and Expenditure Statement		-14,691,290

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

Reference has been made to the Transformation Grant in Notes 1, 3 and 5. It was received from the Government to cover the additional costs of setting up the Dorset and Wiltshire Fire and Rescue Authority, including the establishment of a Safety Centre in the Wiltshire area.

The Authority received £19,439 of developers' contributions (£68,856 in 2014/15) that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver if not spent by a specified date. These have been credited to Revenue Grants Received in Advance in the Balance Sheet.

### 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 Services 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 2015/16 the partnership incurred total expenditure of £1,089,683 (£1,451,844 in 2014/15) which was shared amongst the partners as detailed in the table below.

## Notes to the Financial Statements

NFCSP Partnership Costs Recovered		
Authority	2014/15 £	2015/16 £
Devon & Somerset	360,404	239,242
Dorset	382,204	280,691
Hampshire	347,681	301,326
Wiltshire & Swindon	361,555	268,424
<b>Total</b>	<b>1,451,844</b>	<b>1,089,683</b>

The Authority also incurred another £145,257 on the project in the year. This expenditure was solely attributable to Wiltshire & Swindon Fire Authority, rather than to the partnership. Expenditure on the NFCSP project 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.



## 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.

2014/15			2015/16	
£	£		£	£
	13,079,570	Opening CFR		12,542,538
		<u>Capital expenditure</u>		
449,874		Land and buildings	384,159	
349,571		Vehicles	447,773	
579,171		Plant and equipment	1,233,863	
11,278		Intangible assets	392,691	
	1,389,894			2,458,486
		<u>Sources of finance</u>		
-272,099		Direct revenue financing	-1,485,562	
-868,558		Capital grants	0	
-94,662		Revenue provision for finance leases	-98,457	
-691,607		Minimum Revenue Provision	-685,895	
	-1,926,926			-2,269,914
	12,542,538	Closing CFR		12,731,110
		<u>Explanation of movement in CFR</u>		
	-442,370	Increase/decrease(-) in underlying need to borrow		287,029
	-94,662	Reduction in finance lease liabilities		-98,457
	-537,032	Increase/decrease(-) in CFR		188,572

In 2014/15 and 2015/16, 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 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.

2014/15 £	Vehicles and equipment	2015/16 £
438,485	Charged to the Cost of Services in the year	230,662
307,223	Future minimum lease payments	208,556
411,142	Not later than one year	202,586
	Later than one year and not later than five years	
718,365	Total of future minimum lease payments	411,142
2014/15 £	Property	2015/16 £
60,000	Charged to the Cost of Services in the year	64,167
60,000	Future minimum lease payments	145,000
240,000	Not later than one year	580,000
932,901	Later than one year and not later than five years	1,283,734
	Later than five years	
1,232,901	Total of future minimum lease payments	2,008,734

## 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 (£15,183 in 2015/16, £18,978 in 2014/15), 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 2015		31 March 2016
£	Balance Sheet - carrying amount	£
491,127	Net book value at start of year	403,824
-87,303	Depreciation	-87,303
403,824	Net book value at end of year	316,521

31 March 2015		31 March 2016
£	Outstanding minimum lease payments	£
	Net present value of minimum lease payments	
98,457	Current	102,253
318,147	Non-current	215,894
416,604		318,147
37,955	Finance costs payable in future years	22,773
454,559	Minimum lease payments	340,920

## Notes to the Financial Statements

31 March 2015			31 March 2016	
Minimum lease payments	Finance lease liability	Analysis of payments	Minimum lease payments	Finance lease liability
£	£		£	£
113,640	98,457	Not later than one year	113,640	102,253
340,919	318,147	Later than one year and not later than five years	227,280	215,894
454,559	416,604	Total	340,920	318,147

### 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 2014/15 and 2015/16, there were no specific events which caused the Authority to impair its assets.

## 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 two pension schemes:-

- ◆ the Firefighters' Pension Scheme for uniformed personnel - this includes the 1992, 2006, 2015 and Modified schemes. Membership of each scheme is dependent on the personal circumstances of each member, such as whether they are a Wholetime or Retained firefighter and their date of joining. Although the terms and conditions of each scheme vary, all are unfunded schemes, meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they fall due.
- ◆ the Local Government Pension Scheme (LGPS) for other employees and for uniformed personnel who are not eligible to join the Firefighters' Scheme. This is a funded defined benefit scheme administered by Wiltshire Council. 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, Swindon Borough Council, employer organisations and representatives 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 the officer with delegated responsibility for running the Fund in an efficient and effective manner for the benefit of members and employers. Investments are made according to a Statement of Investment Principles approved by the Committee. The Wiltshire Local Pension Board, which includes employer and member representatives also provides an oversight role to ensure the council secures compliance with the scheme regulations.

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

## Notes to the Financial Statements

The last formal valuation of the Wiltshire Pension fund was as at 31 March 2013. The pension expense for the period to 31 March 2016 takes into account the LGPS career average revalued earnings (CARE) benefit design.

The Firefighters' Pension Scheme is administered by Wiltshire Council on behalf of the Authority. During 2015/16 a new Pension Board was formed, comprising four Fire Authority Members, two pension representatives and two employer representatives. The board is responsible for monitoring the performance of the pensions administrator and assisting the Fire Authority in its role as the Scheme Manager of the Firefighters' Pension Scheme, so as to comply with the Regulations, any other legislation relating to the governance and administration of the scheme, and any requirements of the Pensions Regulator, as well as ensuring the effective and efficient governance and administration of the Scheme.

The risks of the Firefighters' Pension Scheme are reduced by the top up grant, which is paid by Government to cover the net deficit on the schemes. The main residual risk concerns some injury liabilities for which the Authority is responsible. The last formal valuation of the Firefighters' schemes was as at 31 March 2015. The next full valuation is due as at 31 March 2019, as the period between valuations has been set at four years. From 1 April 2015 a new benefit structure came into effect for the Firefighters' Pension Scheme, meaning that all current active members will move into the new (2015) scheme from that date unless they qualify for protections that allow them to remain in their current scheme.

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

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

Notes to the Financial Statements

2014/15		Transactions in CIES and MIRS	2015/16	
Firefighters' Scheme £	Wiltshire Council Fund £		Firefighters' Scheme £	Wiltshire Council Fund £
<b>Comprehensive Income and Expenditure Statement</b>				
4,600,000	865,000	Current service cost	4,500,000	1,193,000
0	0	Past service costs	0	18,000
7,400,000	269,000	Net interest expense	6,500,000	292,000
-1,912,181	0	Pensions Top-up Grant	-2,007,888	0
10,087,819	1,134,000	Total charged or credited to the deficit on the provision of services	8,992,112	1,503,000
<u>Other Comprehensive Income and Expenditure</u>				
Remeasurement of the net defined benefit liability comprising:				
0	-1,459,000	Return on plan assets (excluding that in the net interest expense)	0	1,103,000
24,800,000	3,987,000	Actuarial gains/losses from changes in financial assumptions	-19,600,000	-2,799,000
0	0	Actuarial gains/losses from changes in demographic assumptions	-500,000	0
-200,000	-99,000	Other experience	-200,000	-163,000
24,600,000	2,429,000	Total charged to other comprehensive income and expenditure	-20,300,000	-1,859,000
34,687,819	3,563,000	Total charged to CIES	-11,307,888	-356,000
<b>Movement in Reserves Statement</b>				
-10,087,819	-1,134,000	Reversal of net charges made to the deficit on the provision of services in accordance with the Code	-8,992,112	-1,503,000
2,177,214	758,605	Actual amount charged against the General Fund balance for pensions - Employers' contributions payable to the schemes	1,590,714	864,398

## Notes to the Financial Statements

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

31 March 2015		Pensions assets and liabilities recognised in the Balance Sheet	31 March 2016	
Firefighters' Scheme £	Wiltshire Council Fund £		Firefighters' Scheme £	Wiltshire Council Fund £
-188,600,000	-41,000	Present value of unfunded liabilities	-177,800,000	-37,000
0	-25,894,000	Present value of funded liabilities	0	-24,931,000
-16,100,000	0	Present value of injury liabilities	-13,700,000	0
0	16,978,000	Fair value of employer assets	0	17,230,000
-204,700,000	-8,957,000	Net liability arising from defined benefit obligation	-191,500,000	-7,738,000

2014/15		Reconciliation of present value of scheme liabilities	2015/16	
Firefighters' Scheme £	Wiltshire Council Fund £		Firefighters' Scheme £	Wiltshire Council Fund £
-171,800,000	-20,549,000	Opening balance at 1 April	-204,700,000	-25,935,000
-4,600,000	-865,000	Current service cost	-4,500,000	-1,193,000
0	0	Past service cost	0	-18,000
-7,400,000	-896,000	Interest cost on defined benefit obligation	-6,500,000	-848,000
-1,100,000	-239,000	Contributions by scheme participants	-1,100,000	-265,000
0	0	Transfers in from other authorities	-100,000	0
0	0	Transfers out to other authorities	0	0
4,800,000	502,000	Benefits paid	5,600,000	329,000
-24,800,000	-3,987,000	Remeasurement gains and losses:		
0	0	Changes in financial assumptions	19,600,000	2,799,000
		Changes in demographic assumptions	500,000	0
200,000	99,000	Other experience	-300,000	163,000



## Notes to the Financial Statements

-204,700,000	-25,935,000	Closing balance at 31 March	-191,500,000	-24,968,000
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2014/15		Reconciliation of the fair value of scheme assets	2015/16	
Firefighters' Scheme £	Wiltshire Council Fund £		Firefighters' Scheme £	Wiltshire Council Fund £
0	14,307,000	Opening balance at 1 April	0	16,978,000
0	627,000	Interest income on plan assets	0	556,000
1,100,000	239,000	Contributions by scheme participants	1,100,000	265,000
3,700,000	848,000	Employer contributions	4,500,000	863,000
-4,800,000	-502,000	Benefits paid	-5,600,000	-329,000
0	0	Transfers out to other authorities	0	0
0	1,459,000	Return on assets excluding that included in net interest	0	-1,103,000
0	16,978,000	Closing balance at 31 March	0	17,230,000

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 £199m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £179m.

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.

## Notes to the Financial Statements

### d Information about the defined benefit obligation

31 March 2015				31 March 2016		
Liability split		Duration *		Liability split		Duration *
£	%	Years		£	%	Years
			<u>Firefighters' Schemes</u>			
96,000,000	50.9%	25.4	Active members	70,200,000	39.5%	25.1
5,900,000	3.1%	26.0	Deferred members	6,400,000	3.6%	27.4
86,700,000	46.0%	12.4	Pensioner members	101,200,000	56.9%	11.6
188,600,000	100.0%	19.5		177,800,000	100.0%	17.5
			<u>Firefighters' injury liabilities</u>			
9,400,000	58.4%	25.4	Contingent injuries	7,000,000	51.1%	25.1
6,700,000	41.6%	15.1	Injury pension liabilities	6,700,000	48.9%	14.1
16,100,000	100.0%	21.1		13,700,000	100.0%	19.7
			<u>Wiltshire Council Fund</u>			
18,876,000	72.9%	25.0	Active members	18,733,000	75.1%	25.0
2,651,000	10.2%	25.6	Deferred members	2,323,000	9.3%	25.6
4,367,000	16.9%	12.5	Pensioner members	3,875,000	15.6%	12.5
25,894,000	100.0%	22.1		24,931,000	100.0%	22.1

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 in Note 28 (f) below. The durations for the Firefighters' Schemes are effective as at the previous formal valuation at 31 March 2015. Those for the Wiltshire Council Scheme are for funded obligations only and are effective as at the last formal valuation at 31 March 2013.

## Notes to the Financial Statements

### e Fair Value of Employer Assets

31 March 2015			Analysis of fair value of scheme assets	31 March 2016		
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			
396,700	0	396,700	Consumer	463,400	0	463,400
275,300	0	275,300	Manufacturing	271,800	0	271,800
72,800	0	72,800	Financial institutions	97,200	0	97,200
124,000	1,200	125,200	Health and care	119,300	100	119,400
1,750,400	0	1,750,400	Information Technology	2,130,200	0	2,130,200
110,600	0	110,600	Other	71,500	0	71,500
2,729,800	1,200	2,731,000	Total equity securities	3,153,400	100	3,153,500
			Debt securities			
23,900	1,352,600	1,376,500	Corporate bonds (investment grade)	0	0	0
0	44,800	44,800	Corporate bonds (other)	0	0	0
0	66,000	66,000	UK Government	0	0	0
300	245,700	246,000	Other debt securities	0	0	0
24,200	1,709,100	1,733,300	Total debt securities	0	0	0
			Property			
218,400	1,490,900	1,709,300	United Kingdom	0	2,119,600	2,119,600
0	88,900	88,900	Overseas	0	56,900	56,900
218,400	1,579,800	1,798,200	Total property	0	2,176,500	2,176,500

Notes to the Financial Statements

31 March 2015			Analysis of fair value of scheme assets	31 March 2016		
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	7,537,600	7,537,600	Equities	0	7,400,000	7,400,000
0	1,056,700	1,056,700	Bonds	0	2,806,300	2,806,300
0	327,000	327,000	Hedge Funds	0	0	0
0	0	0	Commodities		145,400	145,400
0	88,100	88,100	Infrastructure	0	1,381,800	1,381,800
1,172,800	132,900	1,305,700	Other	0	103,300	103,300
1,172,800	9,142,300	10,315,100	Total Investment Funds and Unit Trusts	0	11,836,800	11,836,800
			Cash and other			
-4,400	0	-4,400	Foreign Exchange	0	0	0
404,600	200	404,800	Cash and cash equivalents	63,200	0	63,200
0	0	0	Other	0	0	0
400,200	200	400,400	Total cash and other	63,200	0	63,200
4,545,400	12,432,600	16,978,000	Total scheme assets	3,216,600	14,013,400	17,230,000

## 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 2015		Principal assumptions used by the actuary	31 March 2016	
Firefighters' Scheme *	Wiltshire Council Fund		Firefighters' Scheme *	Wiltshire Council Fund
		<u>Mortality assumptions</u>		
		Longevity for current pensioners (in years)**		
29.5	22.3	Men	29.7	22.3
31.7	24.5	Women	31.6	24.5
		Longevity for future pensioners (in years) **		
31.1	24.1	Men	31.2	24.1
33.2	26.9	Women	33.2	26.9
3.3%/3.4%	3.3%	Rate of inflation (Market derived Retail Prices Index)	3.2%	0.0%
3.4%/3.5%	4.3%	Rate of increase in salaries	3.2%	4.2%
2.4%/2.5%	2.4%	Rate of increase in pensions ***	2.2%	2.2%
3.2%/3.3%	3.2%	Rate for discounting scheme liabilities	3.5%	3.5%
90%	75.0%	Take-up of option to convert annual pension into retirement lump sum****	90.0%	50%/75%

\* For the year ended 31 March 2015, where two rates are shown, these refer to the FPS/NFPS. Other figures are the same for both schemes. For the year ended 31 March 2016, the actuary has provided one set of assumptions for all schemes, rather than individually.

\*\* 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 2016.

\*\*\* Pension increases are assumed to be 1.0% p.a. less than market derived Retail Prices Index.

\*\*\*\* For the Wiltshire Council Fund, allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

## 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 2016. 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	%	£	%	£
<u>Change in financial assumptions 2015/16</u>					
Decrease in real discount rate	0.5%	9	17,300,000	9	330,000
Increase in member life expectancy	1 year	3	5,700,000	2	80,000
Increase in rate of increase in salaries	0.5%	1	2,300,000	1	30,000
Increase in rate of increase in pensions (CPI)	0.5%	8	14,700,000	8	300,000

Approximate increases - Wiltshire Council Fund	Employer Liability		
	Change	%	£
<u>Change in financial assumptions 2015/16</u>			
Decrease in real discount rate	0.5%	12	3,043,000
Increase in member life expectancy	1 year	3	749,000
Increase in rate of increase in salaries	0.5%	5	1,183,000
Increase in rate of increase in pensions	0.5%	7	1,795,000

## 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, no such contingencies had been identified.

### 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.

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.

## Notes to the Financial Statements

### Credit risk

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

The 2015/16 Treasury Management Policy Statement and Practices (incorporating the Annual Investment Strategy) allowed internal staff to invest surplus cash in a limited range of specified deposits, either fixed term or on call, but where the maturity was for no longer than one year. The credit criteria shown in the table were set in the Treasury Management Policy.

Credit criteria	Minimum rating	Maximum investment
Highest quality UK and overseas financial institutions	F1/A	£5m
Other local authorities	-	£3m
100% owned subsidiaries of clearing banks	-	£3m
Other F1A/ rated banks and building societies	F1/A	£1.5m

The maximum investment refers to sums invested with any one institution at any one time. The ratings are determined by Fitch and published on their website. The criteria are used to derive lists of institutions which may be used, and authority is delegated to the Treasurer to vary the lists and limits as circumstances dictate. The ratings are reviewed at least quarterly. During 2015/16, investment activities 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.

At 31 March 2016, £4,401,986 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 2015, £1,658,033 was invested with two institutions. Both of these investments were cash equivalents.

The Authority does not generally allow credit to its debtors, and at 31 March 2016, 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 2014/15 or 2015/16.



## Notes to the Financial Statements

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

31 March 2015 £	Maturity profile of borrowings	31 March 2016 £
370,834	Less than one year (in Current Liabilities in Balance Sheet)	431,833
431,832	One to two years	1,096,833
1,900,500	Two to five years	924,500
815,667	Five to ten years	694,834
500,000	Over ten years (last date October 2027)	500,000
4,018,833	Total loans outstanding	3,648,000

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

Creditors and other payables are all due within one year.

### Market risk

The Authority is exposed to risk in terms of interest rate movements. A fall in rates increases the fair value of fixed rate borrowings, but this does not impact upon the 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 2015/16, as in 2014/15, 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 £44,779 in 2015/16 (£14,440 in 2014/15). This represented an average rate of 0.62% on sums invested (0.42% in 2014/15). If rates were to increase by 1%, income would increase by £72,510, other factors being constant.

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

## Notes to the Financial Statements

### 32 Impact of future accounting standards

The Code requires disclosure of information relating to the impact of an accounting change that will be required by standards that have been issued or amended but not yet adopted. The following new or amended standards have been adopted by the 2016/17 Code and may require a change in accounting policy with effect from 1 April 2016.

- ◆ Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions)
- ◆ Annual Improvements to IFRSs 2010 -12 Cycle
- ◆ Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)
- ◆ Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)
- ◆ Annual Improvements to IFRSs 2012 -14 Cycle
- ◆ Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)
- ◆ Changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Fund Account and the Net Assets Statement
- ◆ The introduction of the Expenditure and Funding Analysis

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

## Firefighters' Pension Scheme

2014/15		Pension Fund Account 2015/16	2015/16	
£	£		£	£
-1,471,117		Contributions receivable		
-59,197		From the Fire Authority		
-1,121,897		Contributions in relation to pensionable pay	-1,428,398	
		Other receipts	-111,748	
		Firefighters' contributions	-1,331,898	
	-2,652,211	Total income		-2,872,044
3,970,891		Benefits payable		
588,217		Pensions	4,221,159	
		Commutation of pensions and lump sum retirement benefits	1,273,958	
	4,559,108			5,495,118
	0	Transfers to other schemes		0
	4,559,108	Total expenditure		5,495,118
	1,906,897	Net amount payable for the year		2,623,074
	-1,834,370	Less Top-up Grant received on account for the year		-2,180,544
	72,527	Balance of Top-up Grant receivable		442,530

31 March 2015		Pension Fund Net Assets Statement at 31 March 2015	31 March 2016	
£	£		£	£
	72,527	Current Assets (Debtors)		442,530
		Pension Top-up Grant receivable from the Government		
	-81,539	Current Liabilities (Creditors)		0
		Pension Top-up Grant repayable to the Government for prior years		
	-9,012	Net current assets and liabilities *		442,530

\* The net debtor at 31 March 2016 is included in the balance sheet figure for Short Term Debtors.

\* The net creditor at 31 March 2015 is in the balance sheet for that year in Short Term Creditors.

## Notes to the Pension Fund Accounts

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

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

The Firefighters' Pension Scheme includes the 1992, 2006, 2015 and Modified schemes. It pays pensions and defined benefits to former wholetime and retained employees. Membership of each scheme is dependent on the personal circumstances of each member. Sums paid into the Fund as contributions or transfers from other schemes, and sums paid out as benefits or transfers, are specified by the Regulations. Any difference between sums receivable and payable is met by a top-up grant from, or payment to, the Department for Communities and Local Government (the Home Office from 1 April 2016).

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 takes account only of transactions for the year of account. The Net Assets Statement shows assets and liabilities as at 31 March 2016. 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.

## Glossary of Terms

### Baseline Funding Level

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

### Budget

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

## Glossary of Terms

### Cash Flow Statement

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

### CIPFA

The Chartered Institute of Public Finance and Accountancy.

### The "Code"

The Code of Practice on Local Authority Accounting in the United Kingdom 2015/16. 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 future Codes.

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

### Comprehensive Income and Expenditure Statement

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

### Contingent assets and liabilities

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

### Council Tax

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

### Creditors

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

## Glossary of Terms

### Current Assets

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

### Debtors

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

**De minimis** - see Materiality.

### Depreciation

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

### Earmarked Reserves

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

### Fair Value

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

**Finance Lease** - See Lease.

### Financial Instruments

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

### General Fund (General Reserve)

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



## Glossary of Terms

### Gross Expenditure

Total expenditure before deducting income.

### Gross Book Value

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

### Heritage Assets

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

### Historical Cost

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. 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.

### Net Expenditure

Gross expenditure less income.

**Operating Lease** - See Lease.

### Outturn

Actual income and expenditure for the financial year.

**Overspending** - See Budget.

## Glossary of Terms

### Precept

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

### 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 estimate that is reasonably reliable, there is a contingent liability and a reserve may be earmarked to cover future costs.

### Prudential Code & Prudential Indicators

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

### PWLB

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

### Reserves

The amount held in balances and funds that are free from specific liabilities or commitments. Reserves may be usable or unusable.

**Usable reserves** may be used to finance future spending from the revenue account, including contributions from revenue to finance capital expenditure. **Unusable reserves** are for accounting purposes only and do not represent available resources.

### Residual Value

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

### Revaluation

Formal review by a professional valuer of the fair value of assets recorded in the Balance Sheet at current value. The Code requires a revaluation at intervals of no more than five years. The revised value is included in the Balance Sheet.

## 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 Authority. The difference between the net expenditure on this account and the budget for the year is charged or credited to the General Reserve. For the purposes of the Statement of Accounts, the transactions on the revenue account are recorded in the 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 Narrative Statement 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 London money market in order to receive income from interest.

### Treasury Management

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

### True and fair view

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

**Underspending** - See Budget.

### Useful Life

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

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

**Five Rivers Health & Wellbeing Centre**

**Hulse Road**

**Salisbury**

**Wiltshire**

**SP1 3NR**

**01722 691000**