



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

# Statement of Accounts

## 2021/22

PASSIONATE ABOUT

**CHANGING & SAVING LIVES**

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## Certificate for the Approval of the Statement of Accounts

I confirm that these accounts were approved at the Finance and Audit Committee held on 7 December 2022.

**Ben Ansell**  
Chief Fire Officer  
X December 2022

## Narrative Report

### 1 Introduction

Welcome to the Statement of Accounts for the Authority for the year ended 31 March 2022. 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 2021/22 (the Code), published by the Chartered Institute of Public Finance & Accountancy (CIPFA). The information contained in the Statement is of a highly technical nature, and readers may find it useful to refer to the glossary at the end of this document.

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

Dorset & Wiltshire Fire and Rescue Authority (the Authority) was formed on 1 April 2016. It is the responsibility of the Authority to help improve the safety, health and welfare of over 1.45 million people living in the counties of Dorset and Wiltshire, an area covering some 2,500 square miles.

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

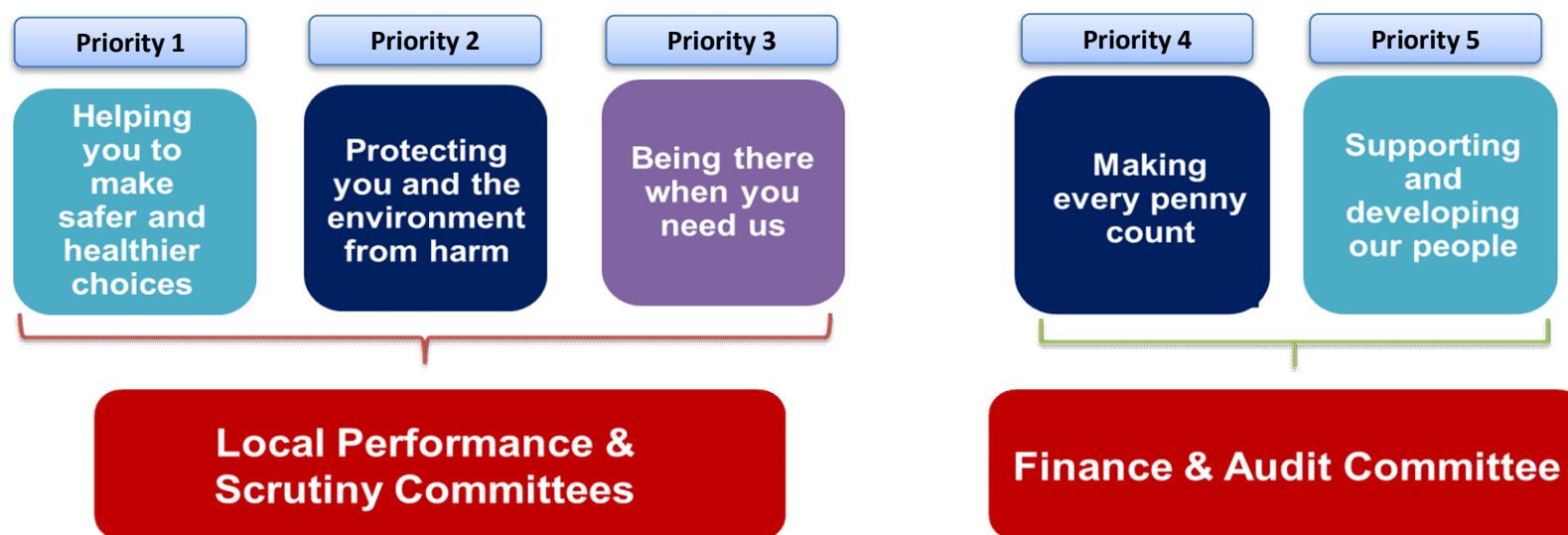
The Service is accountable to the public via the Authority, which is made up of 18 members from the four current constituent authorities of Bournemouth, Christchurch and Poole Council; Dorset Council; Swindon Borough Council; and Wiltshire Council. Sound governance arrangements are in place for the Authority. A comprehensive framework of assurance exists to support our annual Statement of Assurance and the Annual Governance Statement, which is included at the end of this document.

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

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A second round of inspections is now underway, although this has been delayed due to the Coronavirus pandemic. All Services in England will now be re-inspected during 2021 and 2022. Our 6-week inspection period began on 28 February 2022 and we expect to be informed of the results later in 2022. HMICFRS also carried out Coronavirus specific inspections of all Services in 2020.

The Service is working towards making life safer for people in across the counties of Dorset and Wiltshire and helping to strengthen and secure the changing communities we live in, by working together with others to deliver local solutions for local priorities. Full details of our plans are set out in our Community Safety Plan (CSP) covering the period 2021-2024 (see website link below). We have a number of key targets to achieve over the life of the CSP to help us to measure the progress we make against our five key priorities shown below.



Priorities 1 to 3 are monitored by our Local Performance and Scrutiny (LPS) Committees, which monitor performance across our large fire and rescue service area, whilst maintaining a local focus. They help foster local accountability and allow for service delivery to be tailored to local needs and expectations.

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

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

## Narrative Report

### 2 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 sets out information about the Authority's financial performance and economy, efficiency and effectiveness in its use of resources over the financial year, as required by the Accounts and Audit Regulations 2015, together with commentary on our wider corporate performance.

#### ◆ Statement of Accounting Policies

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

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

This sets out the respective responsibilities of the Authority and the Treasurer in preparing, publishing and approving the Statement of Accounts. The Treasurer signs this statement, stating that it gives a true and fair view of the financial position of the Authority at 31 March 2022 and of its income and expenditure for the year.

#### ◆ Independent Auditor's Report

The Statement of Accounts is audited by Deloitte LLP, our external auditor, 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 are the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet and the Cash Flow Statement. These statements contain the information about the Authority's financial position, performance and cash flows. Full information is presented relating to the year of account, 2021/22, along with comparative information for the previous year. Throughout the Statement, payments, expenditure and assets are shown as positive figures (debits) and receipts, income, reserves and liabilities as negative figures (credits).

## Narrative Report

### ◆ 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.

### ◆ Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on the different reserves held by the Authority, analysed between usable and unusable reserves. Usable reserves can be used to fund expenditure or set against the need to raise the Council Tax. Unusable reserves are funds that must be set aside for specific legal or accounting purposes. Further detail about all reserves, and restrictions on their use, is given in Notes 12 and 13.

### ◆ Balance Sheet

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

The most significant item in the Balance Sheet is the Pensions Liability, matched by the Pensions Reserve. These amounts are explained in Note 22 and later in this Narrative Report. The true net worth of the Authority is shown by deducting the Pensions Reserve from the total Reserves. This adjusted figure matches the net assets less the Pensions Liability.

### ◆ Cash Flow Statement

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

### ◆ Notes to the Financial Statements

The four financial statements are followed by comprehensive notes. The Notes give more detail about items shown on the face of the financial statements, present information required under regulations or by the Code which is not presented elsewhere and provide further information relevant to an understanding of the accounts. The notes are cross-referenced to the financial statements, the accounting policies and to each other as appropriate. Comparative figures for 2020/21 are shown as required.

## Narrative Report

### ◆ Expenditure and Funding Analysis (EFA) Note

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

### ◆ The Firefighters' Pension Fund Account and Net Assets Statement

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

### ◆ Annual Governance Statement

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

### ◆ Glossary of Terms

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

## 3 Comparison of revenue outturn to budgets

Each year, a net revenue budget is approved by the Authority. The net revenue budget for 2021/22 was set at £59.094m, funded by £42.699m from council tax, £3.879m from revenue support grant, £10.453m from non-domestic rates, £1.465m from other non-ringfenced grants and £598k transferred from reserves. During the financial year variations and budget adjustments are approved within this sum, with any change in total budget being matched by a change in transfers to or from reserves. The actual spending on the Service's running costs, interest payable and other operating costs, net of income generated from charges and contributions, is known as the outturn. The outturn is contained within the CIES, but does not match the format of that Statement as required by the Code. A reconciliation is shown in the EFA note. The difference between the outturn and the approved budget is transferred to or from Reserves. In order to demonstrate the Authority's stewardship of public funds, a comparison of the outturn to the approved budget is shown in the next table, followed by reasons for the most significant variations in 2021/22.



## Narrative Report

During the year the Authority received a number of additional one-off elements of general income, grants and other contributions. Additional grant funding of £315k was provided by the Home Office to support working towards the introduction of the new Fire Safety Bill which requires an increase in capacity in protection teams. £171k of additional grant funding was received from the Department of Levelling Up, Housing and Communities on behalf of the Dorset Local Resilience Forum for a national LRF funding pilot project to build capacity in LRFs. £78k was received from the Home Office to support the increased burden of administering the Firefighters' Pension Scheme as a result of the McCloud / Sargeant case. A number of members of staff were seconded out of the Service to other organisations during the year and reimbursements totalled £169k.

£1.86m (£2.6m in 2020/21) has been received to compensate the Authority for reductions in business rates income as a result of the Covid-19 pandemic, and £74k was provided to help with the direct costs of our response to Covid-19 (see Section 9 below). Note 17 details all of the grants and contributions received during the year.

2021/22	Original Budget £000s	Approved Budget £000s	Outturn £000s	Variation £000s
Employees	49,322	50,175	49,585	-590
Premises	3,828	3,733	3,155	-578
Transport	1,278	1,408	1,352	-56
Supplies and Services	5,063	5,277	5,031	-246
Agency and Contracted Out Services	2,285	2,472	2,398	-74
Democratic Representation	110	110	104	-6
Capital Financing and Leasing	3,287	3,389	3,389	0
Income	-6,079	-6,680	-7,589	-909
Net expenditure	59,094	59,884	57,425	-2,459
<i>Funded by:</i>				
Council Tax	-42,699	-42,699	-42,699	0
Revenue Support Grant	-3,879	-3,879	-3,879	0
Business Rates	-10,453	-7,703	-7,842	-139
Non-ringfenced Grants	-1,465	-2,776	-2,887	-111
Total funding	-58,496	-57,057	-57,307	-250
Transfers to (+) or from (-) Reserves	-598	-2,827	-118	2,709

## Narrative Report

Main reasons for variations in 2021/22	Variation from Budget £000s
Net saving on pay and pension costs from vacancies, secondments and grant funded posts	-394
Other employee costs	-196
Net refund of business rates following revaluation	-720
Net additional spend on utilities, rates and property maintenance and repairs	142
Savings on vehicle maintenance costs	-56
Equipment, PPE and clothing	-83
ICT and Communications	-176
Savings on subsistence, catering and hotel accommodation	13
Additional one-off grants and contributions	-787
Increase in business rates funding	-250
Other differences	-202
Net Revenue Underspend	-2,709

### 4 Significant assets acquired or liabilities incurred

Notes 5 and 6 show movements on property, plant and equipment and intangible assets by way of capital expenditure, depreciation, amortisation, revaluations and disposals. Additions to these assets are also set out in Note 19, which shows how the additions were financed in the year.

The volatility to which the valuation of our land and buildings has been subject over the last two years as a result of the Covid-19 pandemic now appears to have subsided. The valuers note that there is strong market for industrial properties which has seen the valuation of our land and buildings increase significantly in some areas. Note 5 describes the valuation changes in more detail.

## Narrative Report

The table below shows the amounts added to asset values through capital expenditure.

Capital expenditure in the year	See Note	2021/22 £000s
Enhancements to existing buildings		1,003
Other ICT systems and communications equipment		288
Operational & other equipment		314
Vehicles		8,318
Property, plant and equipment	5	9,923
Software licences (intangible assets)	6	0
Total capital expenditure	19	9,923

## 5 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 £662.4m at 31 March 2022, a decrease of £16.1m since the start of the year. All of the figures for pensions, except the actual contributions made by employees and the Authority, are calculated or estimated by the Actuary, who interprets the requirements of International Accounting Standard (IAS) 19 "Employee Benefits" and other relevant accounting provisions. The Authority has appointed Barnett Waddingham LLP, a firm of independent actuaries, to estimate the value of the liability in relation to the Firefighters' Pension Scheme (FPS) each year. Wiltshire Council, as the administering authority for the Local Government Pension Scheme (LGPS), appointed Hymans Robertson LLP as actuaries to the Wiltshire Council Pension Fund.

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

The sum shown as the Pensions Liability represents the underlying commitment that the Authority has in the long run to pay post-employment (retirement) benefits. As such, it appears in the Balance Sheet as a long-term creditor. Each year, the amount of future benefits earned by current members of the schemes (the "current service cost") is charged to the Cost of Services in the CIES and credited to the Pensions

## Narrative Report

Liability. A "past service cost" may arise if the value of future benefits earned in previous years increases due to changes in pensions policy.

The CIES is also charged, in the section for "Financing income and expenditure", with net interest on the defined benefit liability. The cost in 2021/22 was £13.5m. This charge is taken out of the General Fund in the MIRS.

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

### 6 Borrowing and other sources of funds

The Balance Sheet as at 31 March 2022 shows that outstanding debt stands at £16.869m, of which £608k is repayable within a year. £2.153m was repaid in 2021/22.

Note 19 to the Financial Statements shows how capital spending in 2021/22 was financed by revenue contributions, capital grants and receipts. During 2021/22 the Authority undertook new borrowing of £5m to fund capital expenditure and support cashflow.

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

### 7 Provisions, contingencies and write-offs

Provisions are recognised where the Authority has a legal or constructive obligation arising from a past event that will probably require settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. The provision is charged to the CIES in the year and credited in the Balance Sheet. When payment is actually made, it is set against the provision, and any difference is charged or credited to the revenue account.

The Balance Sheet at 31 March 2022 contains two provisions totalling £1.1m. These are set out in Note 11.

## Narrative Report

As part of the revised arrangements for non-domestic rates starting on 1 April 2013, the Authority shows in the Balance Sheet an allocated 1% share of the provisions made by the billing authorities for appeals against rating valuations. These are as notified by the billing authorities and amounted to £747k at 31 March 2022.

The Authority also makes provision for insurance claims that have been notified, but not settled, during the current or earlier financial years. The value of these claims was estimated at £361k at 31 March 2022.

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

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.

### 8 Material events after the reporting date

Post Balance Sheet events occur between the Balance Sheet date (31 March 2022) 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. There are no such events to report.

### 9 Our response to the Covid-19 pandemic

Like all organisations, we have been significantly impacted by the Covid-19 pandemic over the last two years. We began operating our business continuity arrangements in early February 2020 to ensure the continued delivery of the critical activities of a fire and rescue service. Our response gradually escalated after that and all of our staff who were able to, worked from home.

## Narrative Report

As restrictions have eased we have allowed staff to continue working flexibly, and choose their preferred way of working. Of course as an emergency service, it is not possible for all of our staff to work in this way. Our operational staff have responded to emergency incidents in the usual way, throughout the pandemic. Similarly it is not possible for some other teams, such as our fleet and equipment teams, to work from home. Many of our working arrangements were also adapted, particularly during the first 12 months of the pandemic. For example, prevention activities moved online with the development of new learning resources for children and young people. Protection activity continued, following NFCC guidance, but adapted to be mostly delivered remotely, except for high risk premises. We have been able to return to more traditional ways of working for these activities during the second half of this year. Staff absence levels generally remained relatively low and stable over the course of the pandemic although there was an increase in absence levels in the later part of 2021 as the Omicron variant spread throughout the UK. Despite this we have continued to be able to ensure that appliance availability has remained at a good level.

Changes were necessarily made to our governance arrangements in 2020 to allow the Authority and Service to continue to operate effectively during the Covid-19 pandemic. Our business continuity arrangements were put in place from February 2020 to ensure effective governance and management of our services. From June 2020 all Authority meetings were held virtually, and broadcast live through our website, allowing remote access for elected members, the press and public. This enabled members to continue to provide effective oversight and scrutiny of the Service. Face to face public meetings returned in 2021 as restrictions were gradually lifted.

Throughout the pandemic we have worked with our partners within the Local Resilience Forums for Dorset and Wiltshire & Swindon to monitor and manage the impact of Covid-19 on our staff and communities. During 2021/22 two particular areas of focus have been to continue assisting South West Ambulance Service with driving ambulances alongside emergency care assistants or paramedics and supporting the NHS and other partners with the roll-out of the Covid-19 vaccination programme.

HMICFRS was commissioned by the Home Secretary to carry out a Covid-19 themed inspection of all fire and rescue services in England. Each Service had a two-week inspection period between September 2020 and November 2020, where a virtual inspection was completed. The Inspectorate found that the Service had good arrangements in place, with no significant areas of concern. These arrangements remained in place during 2021/22.

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The Authority has received additional financial support to help with its response to the pandemic. Over March and April 2020, the government provided £3.2 billion of emergency grant funding to support local authorities through Covid-19. £1.3m was received in total by this Authority spread across the 2020-21 and 2021-22 financial years. Additionally, the Authority has also received £212k specific Covid-19 grant funding from the Home Office. The grant funding has been used to support such things as additional staff costs, the provision of enhanced PPE and additional cleaning materials. We have also seen areas of cost increase, such as building works and maintenance, where contractors necessarily incurred additional unforeseen costs and we have been able to fund this through the grants received.

We have made one-off savings in some areas, such as fuel and other travel related costs, where our staff have travelled less than previously, and we expect to sustain some of these savings moving forward, through our new "business as usual" arrangements.

## 10 Corporate Performance 2021/22

Performance arrangements for the Service for 2021/22 were centred on the delivery of the strategic priorities defined within our Community Safety Plan, but adapted in response to the Covid-19 pandemic. Each of our priorities is supported by Key Lines of Enquiry (KLOEs), which pose specific questions against which our performance is appraised using performance indicators and commentary provided by officers throughout the year. A full review of each year's service performance can be found in our Annual Report publication, which is available on our website ([dwfire.org.uk](http://dwfire.org.uk)).

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

The Service completed 7,739 Safe and Well visits in 2021/22 (6,012 in 2020/21) and dealt with 3,780 (2,841 in 2020/21) Safe and Well referrals from partners. Our approach to Safe and Well visits had to change due to the Covid-19 pandemic and this has meant that fewer visits than usual have been carried out, although numbers did improve in 2021/22. This was to ensure the safety of our staff and the most vulnerable in our communities. 93% of the Safe and Well visits were carried out in person, with the remainder dealt with by 'over-the-phone' safety advice. This has increased from 61% in 2020/21.

Last year we attended 595 road traffic collisions, resulting in 384 rescues. Working in partnership with Police and other organisations we aim to reduce the number of these incidents, through our prevention activities. We align our activity to local and national campaigns, and we have coordinated 118 (44 in 2020/21) digital Road Safety education events with our partners including both Safe Drive Stay Alive (SDSA) and Survive the Drive. We have been working the Ministry of Defence to create a series of internal road safety videos. Funded by the MOD the videos cover a range of subjects including basic vehicle safety checks, cycle safety, highway code changes, speeding and stopping distances. These videos will be shown nationally to all MOD personnel and is particularly important to our safety messaging as we have 24% of the British Army based within our service area. We were proud to receive the Recognition Award at this year's Defence Road Safety Awards, presented by the Deputy Director General of the Defence Safety Authority, Rear Admiral Thomas Manson OBE.



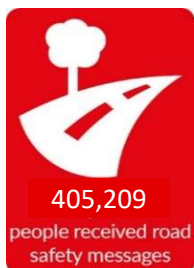
## Narrative Report

Our youth engagement programmes are recognised by our partners as being effective, enjoyable, and educational. This year, our Salamander and SPARC programmes were rebranded and will be known as SPECTRA; which stands for Support, Purpose, Enthusiasm, Challenge, Trust, Resilience, Achievement. SPECTRA is a tailored development programme designed to promote empowerment in a positive environment whilst also encouraging teamwork and the supporting of others. Using practical firefighting activities as a tool, we engage participants and encourage them to work together to problem solve scenarios and activities set by the firefighter instructors. 75 people attended SPECTRA courses during the year and 100% completed.

We are proud to continue working in partnership with the Prince's Trust, to deliver the Team programme. This helps to support unemployed young people, aged between 16 and 25, to recognise and achieve their potential. The 12-week course aims to help young people progress into work, education, training, or volunteering. We have delivered six Prince's Trust courses, with a total of 53 young people attending with 51 passing the qualification and 75% moving into training or employment within six months.

There are three Fire Cadet Units across our Service area, based in Swindon, Trowbridge, and Ferndown, linked to the National Fire Cadet programme, and involve a mixture of theoretical and practical sessions alongside social action projects in the local community. The aim of Fire Cadets is to support the development of young people by offering them the opportunity to take part in fun and challenging activities to help them reach their full potential whilst contributing to safer, stronger, and healthier communities. Three courses were delivered in 2021/22, with forty young people attending.

Sadly, there were 4 deaths in fire related incidents in 2021/22 (9 in 2020/21). His Majesty's Coroner has confirmed two of these as fire related deaths at time of publication), but no determination has yet been made on the other two. Each fire death is investigated at a fatal fire case conference to explore Service and multi-agency learning and improvement. We also consider how we can improve the identification of vulnerable individuals and tailor our interventions accordingly.





## Narrative Report

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

In September 2019 the Secretary of State for Housing Communities and Local Government outlined an ambition to 'significantly increase the pace of inspection activity across high rise residential and other high-risk buildings'. This led to a national Building Risk Review programme, of which some 356 high rise residential buildings (measuring over 18m or six stories and above) were identified in Dorset and Wiltshire to review and audit. Our fire safety protection team successfully completed their programme of audits by the end of 2021.

Operational crews at wholetime stations have been trained by the fire safety protection team to complete lower-level fire safety activity, known as Business Fire Safety Checks, on non-complex commercial premises, such as an office, shop or small industrial unit. New Fire Standards for Protection were published in September 2021 and have been adopted.

We completed 890 fire safety audits and responded to 1,400 Building Regulations consultations as part of our statutory duties last year. Investment from protection grants has enabled us to strengthen and develop the capability of our fire safety protection team, however with a continued increase in demand as well as anticipated new legislation, we expect a need to invest further in this team.

We continue to respond to fire safety concerns raised by the public, which following a decrease in the previous year (largely due to buildings being closed due to the pandemic), has now started to increase again. A total of 172 higher priority fire safety concerns were dealt with, 80 of which were responded to within 24 hours, and a further 337 less urgent concerns from members of the public, 275 of which were resolved within seven working days.

We have continued the very important work of responding to the recommendations from the Grenfell Tower Inquiry Phase 1 report and the Independent Review of Building Regulations and Fire Safety, led by Dame Judith Hackitt. We received £316k (£434k in 2020/21) of additional one-off grant funding from Government to help us with this work and to increase capacity in our fire safety team.

## Narrative Report

Following the introduction of a new policy for attending automatic fire alarm calls in commercial premises, the Service is seeing a long term trend of reduced attendance. 1,686 calls were dealt with in 2021/22 (1,396 in 2020/21 (impacted by Covid)) and over 2,000 in each of the three years to 2019/20. This led to direct financial savings of more than £44k and productive time savings of more than £73k for operational staff.



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

Last year we responded to 13,858 incidents in total (13,127 in 2020/21), attending 3,022 fires (3,336 in 2020/21). 743 were deliberate fires (772 in 2020/21), representing a 23% reduction in a five-year average, and 2,279 were accidental dwelling fires (2,564 in 2020/21). Of these accidental fires, 693 (650 in 2020/21) were in the home, representing a 4.4% reduction in a five-year average. We attended 595 road traffic collisions (485 in 2020/21) and rescued 384 people (274 in 2020/21). 4,526 non-fired related calls were attended and we supported partner agencies at 600 incidents involving collapse behind closed doors (612 in 2020/21).

We supported South Western Ambulance Service with firefighters driving emergency ambulances. Between April 2021 and March 2022, we responded to 3,794 (3,447 in 2020/21) calls and have worked over 1,061 shifts (1,590 in 2020/21).

We have a corporate target to achieve a 10-minute response time (including call handling and travel time) to fire in sleeping risk premises. Performance for 2021/22 shows an average response time of 9 mins and 24 seconds compared to 8 mins and 50 seconds in 2020/21.

The average response time for the first appliance attending road traffic collisions (including call handling and travel time) was 12 mins and 6 seconds in 2021/22 (11 mins and 26 seconds in 2020/21). All failures to meet the response standards are investigated to see if there were any contributing factors that are in our control that could be improved. Our Local Performance and Scrutiny committees monitor this information in more detail.

Narrative Report



Priority 4: Make every penny count

The Authority continues to be a low-spending and efficient authority. Since April 2016 we have delivered total cashable savings of more than £35m and our annual savings total is now £8.5m. For 2021/22 our Band D fire precept figure was £77.88 compared to a national average for combined fire authorities of £80.06. Firefighter costs per person were £22.73 compared to an all-England average of £25.22.

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

During 2020 we successfully migrated to the International Standard ISO 45001 for occupational health and safety. This accreditation has been maintained in 2021/22 with BSI carrying out two scheduled continual assessment visits. We are also now working towards the ISO 55001 standard for asset management systems.



## Narrative Report

We have maintained a good level of performance in meeting our legal requirements in relation to information management, and in responding to threats from cyber attacks. 96% of Freedom of Information requests were responded to within 20 days, the same as in the previous year. 94% of complaints received by the Service were resolved within 14 days, compared to 92% in 2020/21. In February 2022 we achieved the Cyber Essentials security standard providing additional assurance to our partners, key stakeholders and the public that we take cyber security extremely seriously and have appropriate arrangements in place to guard against a wide range of potential cyber threats and attacks. During the year 1,596 cyber attacks were prevented, an increase from 1,302 in 2020/21.

### Priority 5: Supporting and developing our people

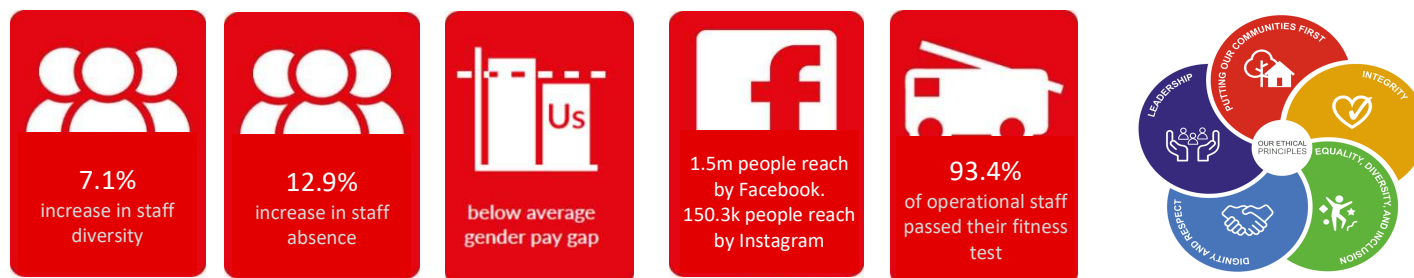
Following a successful wholetime recruitment campaign started in 2020/21, sixteen firefighters completed their initial basic training in August 2021, and a further eight candidates started training in March 2022. Recruiting and retaining On-Call firefighters remains a significant challenge. Over the past 12 months there has been a net reduction of nine firefighters, although overall numbers remain the same as they were in April 2019.

We have continued to strengthen our incident command training by providing body worn cameras for all Level 1 incident commanders, supporting standardised incident and workplace assessments. All Officers will shortly be provided with a body worn cameras to provide further assurance that operational standards are being met and to allow remote support at incidents.

In the last year, we have seen a 32% increase in staff enrolled in the apprenticeship scheme, with 33 members of staff currently in the scheme.

We are dedicated to ensuring we continually improve our diversity and inclusion arrangements and use the Local Government Association's Fire and Rescue Service Equality Framework, to monitor and benchmark our performance. During 2021 a new national core code of ethics for fire and rescue services was released. The code is jointly endorsed by the Local Government Association, the National Fire Chiefs Council and the Association of Police and Crime Commissioners. The Core Code sets out five ethical principles: putting our community first; integrity; dignity and respect; leadership; equality, diversity and inclusion, which provide a basis for promoting good behaviour and challenging inappropriate behaviour. During the latter part of 2021 we have transitioned from our existing values and behaviours framework, 'RESPECT', to replace it with the Core Code of Ethics. We have a corporate target to improve the diversity of our workforce as a whole compared to the previous five years. In 2021/22 we have seen a 7.1% increase in diversity compared to this previous five-year average.

## Narrative Report



We are committed to maintaining the health and wellbeing of all our staff by providing services that offer support in the home and at work with health-related issues. These services include physical, emotional and mental health support. Mental health wellbeing sessions are integrated into the training for supervisory managers, to ensure they are supported and able to recognise the early signs of mental health issues for themselves and others. These integrated sessions use films, animations, interactive e-learning programmes and podcasts.

Absence management continues to be a key focus for us, and whilst our long-term trend for all staff groups absence is reducing, absence has increased during the last year mainly due to a significant amount of Covid related absence during the latter part of 2021. Overall, absence last year averaged 9.96 days/shifts lost per person. This compares to 7.67 days/shifts in 2020/21 and represents a 12.9% increase against the 5-year average. If Covid related absences were excluded, this reduces the average days/shifts lost per person for 2021/22 to 8.8 shifts lost which is in line with our corporate target.

## 11 Future developments

Our future plans are set out in our Community Safety Plan (CSP), and on 9 February 2022 the Authority approved a revenue budget of £61.05m for 2022/23, along with a new Medium Term Financial Plan (MTFP), to support the delivery of this CSP. The CSP is also supported by our Strategic Assessment of Risk, which examines a range of key factors that impact on our organisation, from opportunities and challenges emerging from within the fire sector and those within the wider public-sector environment. The assessment aims to highlight the strategic and operational risks we face and describes how we intend to deal with them.

## Narrative Report

The MTFP that was approved in February shows projected deficits in future years: just over £1.1m in 2023/24 rising to around £1.8m in 2025/26, based on our assumptions about future funding. A single-year Settlement only was provided by the Government, so we are waiting to see how our actual funding position will look for 2023/24 onwards, compared to our assumptions.

We saw inflationary pressures increasing in 2021 as a result of the Covid-19 pandemic and increasing energy costs. Additional provision was made in the budgets for 2022/23 onwards, but it is increasingly clear that since the 2022/23 budget was approved by the Authority these inflationary pressures have significantly increased. This will result in further financial pressures on our already stretched budget which we will have to manage in setting the budget and MTFP for 2023/24. Despite these issues the Authority has a good track record of sound financial management and is well placed to address the challenges that it faces in the immediate future, and longer term.

Recent reform of the fire and rescue service has focused on establishing a new inspection regime through HMICFRS and responding to lessons learned as a result of the fire at Grenfell Tower. In May 2022 the Home Secretary published a White Paper: Reforming Our Fire and Rescue Service. The white paper and consultation covers a package of proposals for further reform of fire and rescue services in England. The proposals cover three principal areas for reform: People, Professionalism and Governance, and seeks views on the specific proposals and the wider package of reforms presented.

On People, the white paper looks at modern working practices, public safety, business continuity, pay negotiations and nurturing new and existing talent. Professionalism looks at areas such as: leadership, smarter use of data, research, expectations, ethics and culture and independent strategic oversight.

The Government's preferred approach for the governance reform proposals are to put in place a governance model where:

- ◆ there is a single, elected – ideally directly elected – individual who is accountable for the service rather than governance by committee
- ◆ there is clear demarcation between the political and strategic oversight by this individual, and the operationally independent running of the service by the chief fire officer
- ◆ that the person with oversight has control of necessary funding and estates
- ◆ decision-making, including budgets and spending, is transparent and linked to local public priorities

Consultation on the white paper proposals was open for a ten week period, ending on 26 July 2022, although no response has yet been issued by the Government.

## 12 Further information

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

## Statement of Significant Accounting Policies

### 1 General principles

The general principles adopted in compiling the accounts of the Authority are in accordance with the recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA). They are contained in the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code), which is based on International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS). This Code constitutes 'proper accounting practice' under the terms of section 21(2) of the Local Government Act 2003. The accounts are prepared on a going concern basis.

The accounting policies specified in this Statement are the principles, bases, conventions, rules and practices applied by the Authority in preparing and presenting the financial statements. When accounting policies are changed, they are applied retrospectively, unless the Code requires transitional arrangements to be followed. Where retrospective adjustments are made, the comparative figures shown are restated as if the new policy had always been applied, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change. Additionally, the impact of any accounting changes required by Accounting Standards issued but not adopted by 1 January 2022 must be disclosed.

### 2 Measurement bases

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

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

### 3 Accruals

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



## Statement of Significant Accounting Policies

### 4 Cash and cash equivalents

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

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

### 5 Contingent assets and liabilities

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

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

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

### 6 Employee benefits

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

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



## Statement of Significant Accounting Policies

### 7 Events after the Balance Sheet date

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

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

### 8 Material items and prior period adjustments

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

Prior period adjustments are accounted for by restating the comparative figures for each prior period presented in the Financial Statements and Notes and adjusting the opening balances for the current period. There were no prior period adjustments to account for in the 2021/22 Financial Statements and Notes.

### 9 Financial instruments

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

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

## Statement of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

### 10 Foreign currency

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

## Statement of Significant Accounting Policies

### 11 Government grants and contributions

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

Capital and Revenue Grants with outstanding unfulfilled conditions are held in the Balance Sheet as receipts in advance. For capital grants, once conditions are met, these grants are transferred to the Comprehensive Income and Expenditure Statement. If related expenditure has not been incurred by the end of the year, the grants are taken forward in the Unused Grants Account as usable reserves (Note 12). Once related capital expenditure has been incurred the sums are finally transferred to the Capital Adjustment Account to reflect the application of capital resources to finance capital expenditure. Unapplied grants for revenue purposes are transferred back to the Comprehensive Income and Expenditure Statement as relevant expenditure is incurred in later years.

### 12 Intangible assets

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

### 13 Inventories

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

### 14 Finance leases

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

Property, plant and equipment held under finance leases are included in the Balance Sheet at the commencement of a lease at their fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). Assets held under finance leases are depreciated in the same manner as other assets, except where the lease term is used when this is shorter than the expected life of the asset. The asset recognised is matched by a liability for the obligation to pay the lessor. The annual rental is divided into a reduction of

## Statement of Significant Accounting Policies

the liability in the Balance Sheet and a financing charge, which is included in the Comprehensive Income and Expenditure Statement.

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

### 15 Operating leases

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

### 16 Lease type arrangements

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

### 17 Private Finance Initiative (PFI)

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

### 18 Non-current assets held for sale

Where property, plant and equipment and intangible assets are surplus to requirements and expected to be sold within a year, they are shown as assets held for sale in current assets. Their current value is interpreted as the amount that would be paid for the asset in its highest or best use, i.e. market value, and these assets are valued at the lower of the carrying amount and fair value less costs to sell. 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.

## Statement of Significant Accounting Policies

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

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

### 19 Overheads

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

### 20 Property, plant and equipment

#### a Recognition

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

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

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

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

#### b Valuation

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

## Statement of Significant Accounting Policies

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

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

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

### c Impairment and other reductions in value

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

### d Derecognition

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

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

### e Depreciation

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

The estimated useful lives vary in length, with buildings generally being depreciated over 60 years, vehicles over 4 to 20 years and plant and equipment over 3 to 23 years. Where experience has shown that assets may last for a longer or shorter period, other estimated lives may be used, following advice from the valuers or officers in the ICT and other departments. Components of an asset may be depreciated over different estimated useful lives.

## Statement of Significant Accounting Policies

### 21 Provisions

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

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

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

### 22 Reserves

The Authority holds reserves to guard against unforeseen and unbudgeted expenditure. These usable reserves include the General Fund and unused grants. Part of the General Fund has been earmarked for specific purposes. Details of individual earmarked reserves are shown in Note 12 to the Financial Statements. When expenditure is incurred which is to be financed from a reserve it is charged to the Comprehensive Income and Expenditure Statement and matched by a transfer shown in the Movement in Reserves Statement. This ensures that there is no net charge to Council Tax for that expenditure in the year.

Some reserves are kept to manage accounting processes, mainly for property, plant and equipment, and for retirement benefits. These do not represent usable resources for the Authority. They are shown as Unusable Reserves in the Balance Sheet and the Movement in Reserves Statement. Transactions in the year and further explanations are set out in Note 13 to the Financial Statements.

### 23 Value Added Tax (VAT)

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

## Statement of Significant Accounting Policies

### 24 Pensions

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

Corporate staff, fire control staff and some uniformed officers are eligible for membership of the Local Government Pension Scheme (LGPS). Staff participating in the LGPS are members of the Wiltshire Pension Fund and Wiltshire Council is responsible for administering the scheme.

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

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

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.

### 25 Council Tax and Non-Domestic Rates

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

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



## Statement of Significant Accounting Policies

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

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

### 26 Apprenticeship Levy

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

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

## Statement of Responsibilities for the Statement of Accounts

### The Authority's responsibilities

The Authority is required to :

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

### The Treasurer's responsibilities

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

In preparing this Statement of Accounts, the Treasurer has:

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

The Treasurer has also:

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

I certify that the Statement of Accounts give a true and fair view of the financial position of the Authority at the accounting date and of its income and expenditure for the year ended 31 March 2022.

**Ian Cotter**

Treasurer

X December 2022

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

### Report on the Audit of the Financial Statements

#### Opinion

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

- ◆ give a true and fair view of the financial position of the Authority as at 31 March 2022 and of its expenditure and income for the year then ended; and
- ◆ have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

We have audited the financial statements which comprise:

- ◆ the Comprehensive Income and Expenditure Statement;
- ◆ the Balance Sheet;
- ◆ the Movement in Reserves Statement;
- ◆ the Cash Flow Statement;
- ◆ the Firefighters' Pension Fund Account on pages 94 - 95; and
- ◆ the related notes to the financial statements including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2021/22.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), the Code of Audit Practice, the Local Audit and Accountability Act 2014 and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

## **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Treasurer with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for the Authority is adopted in consideration of the requirements set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements.

## **Other information**

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

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

We have nothing to report in this regard.

## **Treasurer's responsibilities**

As explained more fully in the Treasurer's responsibilities statement on page 33, the Treasurer is responsible for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud**

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which our procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

We considered the nature of the Authority and its control environment and reviewed the Authority's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the Authority operates in, and identified the key laws and regulations that:

- ◆ had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Accounts and Audit Regulations 2015, the Local Government Act 2003 and the Local Government Finance Act 2012.
- ◆ do not have a direct effect on the financial statements but compliance with which may be fundamental to the Authority's ability to operate or to avoid a material penalty. This included relevant employment legislation and the Fire and Rescue Services Act 2004.

We discussed among the audit engagement team including relevant internal specialists such as property valuations and pensions regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address it are described below:

- ◆ Capitalisation of expenditure: we tested the design and implementation of the key controls in place around ensuring expenditure is correctly capitalised when appropriate. We also tested capital expenditure on a focused sample basis to confirm that it complies with relevant accounting requirements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- ◆ reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- ◆ performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- ◆ enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- ◆ reading minutes of meetings of those charged with governance and reviewing internal audit reports.

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

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

#### **Use of resources**

Under the Code of Audit Practice and the Local Audit and Accountability Act 2014, we are required to report to you if we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Our work in respect of the Authority's arrangements is not complete at the date of our report on the financial statements. We will report the outcome of our work on the Authority's arrangements and include any additional exception reporting in respect of significant weaknesses in our audit completion certificate and our separate Auditor's Annual Report. We are satisfied that the remaining work is unlikely to have a material impact on the financial statements.

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

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

We are required under section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2021, as to whether the Authority had proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability, governance, and improving economy efficiency and effectiveness.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the Authority a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022. Other findings from our work, including our commentary on the Authority's arrangements, will be reported in our separate Auditor's Annual Report.

### **Reports in the public interest or to the regulator**

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

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

We have nothing to report in respect of these matters.

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

We cannot formally conclude the audit and issue an audit certificate until we have completed our work in respect of the Authority's arrangement for securing economy, efficiency and effectiveness in its use of resources (as reported in the Matters on which we are required to report by exception – Use of resources section of our report). We are satisfied that our remaining work in this area is unlikely to have a material impact on the financial statements or on our value for money conclusion.

## **Use of our report**

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

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

X December 2022



## Expenditure and Funding Analysis 2021/22

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

2020/21 (Prior year)	Net Expenditure General Fund * £000s	Adjustments				Net Expenditure in the CIES £000s
		Capital	Pensions	Other	Total	
	£000s	£000s	£000s	£000s	£000s	£000s
Employees	48,204		2,651	-29	2,622	50,826
Premises	3,842				0	3,842
Transport	1,047				0	1,047
Supplies and Services	5,208			-250	-250	4,958
Agency and Contracted Out Services	2,380			-595	-595	1,785
Democratic Representation	105				0	105
Capital Financing and Leasing	3,432	450			450	3,882
Income	-13,075	54		3,813	3,867	-9,208
<b>Net Cost of Services</b>	<b>51,143</b>	<b>504</b>	<b>2,651</b>	<b>2,939</b>	<b>6,094</b>	<b>57,237</b>
Other Income and Expenditure	-56,884	495	3,888	412	4,795	-52,089
<b>Surplus (-) or Deficit (+)</b>	<b>-5,741</b>	<b>999</b>	<b>6,539</b>	<b>3,351</b>	<b>10,889</b>	<b>5,148</b>
<b>Opening General Fund* Balance at 1 April 2020</b>	<b>-17,673</b>					
Surplus or Deficit on the General Fund in the year	-5,741					
<b>Closing General Fund* Balance at 31 March 2021</b>	<b>-23,414</b>					

\* General Fund includes Earmarked Reserves

## Expenditure and Funding Analysis 2021/22

2021/22 (Current year)	Net Expenditure General Fund * £000s	Adjustments				Net Expenditure in the CIES £000s
		Capital £000s	Pensions £000s	Other £000s	Total £000s	
Employees	49,585		10,132	-180	9,952	59,537
Premises	3,155			0	0	3,155
Transport	1,352			-1	-1	1,351
Supplies and Services	5,031			-308	-308	4,723
Agency and Contracted Out Services	2,398			-559	-559	1,839
Democratic Representation	104			0	0	104
Capital Financing and Leasing	3,389	-367		0	-367	3,022
Income	-7,589			486	486	-7,103
<b>Net Cost of Services</b>	<b>57,425</b>	<b>-367</b>	<b>10,132</b>	<b>-562</b>	<b>9,203</b>	<b>66,628</b>
Other Income and Expenditure	-57,307	532	4,531	-1,993	3,070	-54,237
<b>Surplus (-) or Deficit (+)</b>	<b>118</b>	<b>165</b>	<b>14,663</b>	<b>-2,555</b>	<b>12,273</b>	<b>12,391</b>
<b>Opening General Fund* Balance at 1 April 2021</b>	<b>-23,414</b>					
Surplus or Deficit on the General Fund in the year	118					
<b>Closing General Fund* Balance at 31 March 2022</b>	<b>-23,296</b>					

\* General Fund includes Earmarked Reserves

## Expenditure and Funding Analysis 2021/22

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

Adjustments related to pensions are more fully explained in Note 22b. The only pension-related costs attributable to the General Fund are the actual employer's contributions. All other pensions costs, provided by the actuary under IAS 19 requirements, are excluded from the General Fund when considering the surplus or deficit in the year.

Other adjustments include:

- ◆ The reversal of income and expenditure relating to the Networked Fire Services Partnership project, which does not form part of the Authority's General Fund (see Note 18).
- ◆ Collection Fund adjustments (Note 13d).
- ◆ Adjustments relating to short-term accumulating absences (Note 13e).
- ◆ Transfers to or from usable reserves during the year, which are not included in the cost of services in the CIES.

## Comprehensive Income and Expenditure Statement 2021/22

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

Gross Expenditure £000s	2020/21 Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	2021/22 Gross Income £000s	Net Expenditure £000s	See Notes
50,826	0	50,826	Employees	59,537	0	59,537	
3,842	0	3,842	Premises	3,155	0	3,155	
1,047	0	1,047	Transport	1,351	0	1,351	
4,958	0	4,958	Supplies and Services	4,723	0	4,723	
1,785	0	1,785	Agency and Contracted Out Services	1,839	0	1,839	
105	0	105	Democratic Representation	104	0	104	
3,882	0	3,882	Capital Financing and Leasing	3,022	0	3,022	
0	-9,208	-9,208	Income	0	-7,103	-7,103	
66,445	-9,208	57,237	<b>Cost of Services</b>	73,731	-7,103	66,628	
0	-6	-6	<b>Other Operating Expenditure</b>				
			(Gains)/Losses on Disposal of Non-Current Assets	41	0	41	
0	-8,164	-8,164	Pensions Top-up Grant	0	-8,938	-8,938	
0	-8,170	-8,170	Total	41	-8,938	-8,897	
			<b>Financing &amp; Investment Income &amp; Expenditure</b>				
		1,097	Interest payable & similar charges			1,050	22
		12,052	Net interest on the Defined Benefit Liability			13,469	
		-5	Interest Income			-4	
		13,144	Total			14,515	

## Comprehensive Income and Expenditure Statement 2021/22

Gross Expenditure £000s	2020/21 Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	2021/22 Gross Income £000s	Net Expenditure £000s	See Notes
			<b>Taxation &amp; Non-specific Grant Income</b>				
		-41,832	Council Tax Income			-43,717	
		-2,318	Non-Domestic Rates Income			-3,995	
		-5,376	Non-Domestic Rates Top-up Grant			-5,376	17
		-3,857	Revenue Support Grant			-3,879	17
		-2,489	Compensation for expanded retail and nursery discounts and local newspaper relief			-1,162	17
		-113	Local Tax Income Guarantee compensation			-697	17
		-1,078	Other non-ringfenced Government Grants			-1,029	17
		-57,063	Total			-59,855	
		5,148	<b>(Surplus)/Deficit on Provision of Services</b>			12,391	
			<b>Other Comprehensive Income &amp; Expenditure</b>				
		151,564	Remeasurement of the net Defined Benefit Liability			-30,812	22
		-1,208	Adjustment to PFI Liability			0	21
		467	(Surplus)/Deficit on Revaluation of Non-Current Assets			-5,648	13
		150,823	Total			-36,460	
		155,971	<b>Total Comprehensive Income &amp; Expenditure</b>			-24,069	

## Movement in Reserves Statement 2021/22

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

2020/21 (Prior year)	General Fund*	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves	See Notes
	£000s	£000s	£000s	£000s	£000s	
<b>Balance at 1 April 2020</b>	-17,673	0	-17,673	506,967	489,294	
<b>Movement in reserves during 2020/21</b>						
Deficit on provision of services	5,148	0	5,148	0	5,148	
<u>Other Comprehensive Income and Expenditure</u>						
Movement in Pensions Reserve	0	0	0	151,564	151,564	22b
Adjustment to PFI Liability	0	0	0	-1,208	-1,208	21
(Surplus)/Deficit on Revaluation of Non-Current Assets	0	0	0	467	467	13a
Total Comprehensive Income and Expenditure	5,148	0	5,148	150,823	155,971	
<b>Adjustments between accounting basis and funding basis under regulations</b>						
<u>Reversal of items in the CIES</u>						
Depreciation and amortisation	-3,559	0	-3,559	3,559	0	5/6
Revaluation losses and reversal of previous losses	-320	0	-320	320	0	5/6
Effect of disposal of Non-Current Assets	-73	0	-73	73	0	
Retirement benefits under IAS 19	-16,667	0	-16,667	16,667	0	22b
Council Tax & NNDR income adjustment	-3,266	0	-3,266	3,266	0	13d
Employee benefits accrual adjustment	-87	0	-87	87	0	13e

## Movement in Reserves Statement 2021/22

2020/21 (Prior year)	General Fund*	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves	See Notes
	£000s	£000s	£000s	£000s	£000s	
<u>Insertion of items not in the CIES</u>						
Minimum Revenue Provision	1,544	0	1,544	-1,544	0	19
Revenue Provision for finance leases	0	0	0	0	0	19
Revenue Provision for Private Finance Initiative	867	0	867	-867	0	19
Employer's contributions to pension schemes and payments to pensioners	10,128	0	10,128	-10,128	0	22b
Capital expenditure charged to revenue	517	0	517	-517	0	19
Rounding adjustment	2	0	2	-1	1	
<u>Transfers</u>						
Transfers to/(from) Capital Receipts Reserve	25	-25	0	0	0	12/19
Transfers to/(from) Capital Receipts Reserve	0	25	25	-25	0	
<b>Total adjustments</b>	-10,889	0	-10,889	10,890	1	
<b>Increase or Decrease in the year</b>	-5,741	0	-5,741	161,713	155,972	
<b>Balance at 31 March 2021</b>	-23,414	0	-23,414	668,680	645,266	

\* General Fund includes Earmarked Reserves



## Movement in Reserves Statement 2021/22

2021/22 (Current year)	General Fund*	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves	See Notes
	£000s	£000s	£000s	£000s	£000s	
<b>Balance at 1 April 2021</b>	-23,414	0	-23,414	668,680	645,266	
<b>Movement in reserves during 2021/22</b>						
Deficit on provision of services	12,391	0	12,391	0	12,391	
<u>Other Comprehensive Income and Expenditure</u>						
Movement in Pensions Reserve	0	0	0	-30,812	-30,812	22b
(Surplus)/Deficit on Revaluation of Non-Current Assets	0	0	0	-5,648	-5,648	13a
Total Comprehensive Income and Expenditure	12,391	0	12,391	-36,460	-24,069	
<b>Adjustments between accounting basis and funding basis under regulations</b>						
<u>Reversal of items in the CIES</u>						
Depreciation and amortisation	-3,601	0	-3,601	3,601	0	5/6
Revaluation losses and reversal of previous losses	497	0	497	-497	0	5/6
Effect of disposal of Non-Current Assets	-120	0	-120	120	0	
Retirement benefits under IAS 19	-24,609	0	-24,609	24,609	0	22b
Council Tax & NNDR income adjustment	2,547	0	2,547	-2,547	0	13d
Employee benefits accrual adjustment	44	0	44	-44	0	13e

## Movement in Reserves Statement 2021/22

2021/22 (Current year)	General Fund*	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves	See Notes
	£000s	£000s	£000s	£000s	£000s	
<u>Insertion of items not in the CIES</u>						
Minimum Revenue Provision	1,652	0	1,652	-1,652	0	19
Revenue Provision for finance leases	0	0	0	0	0	19
Revenue Provision for Private Finance Initiative	875	0	875	-875	0	19
Employer's contributions to pension schemes and payments to pensioners	9,946	0	9,946	-9,946	0	22b
Capital expenditure charged to revenue	454	0	454	-454	0	19
<u>Transfers</u>						
Transfers to Capital Receipts Reserve	42	-42	0	0	0	12/19
Transfers from Capital Receipts Reserve	0	42	42	-42	0	12/19
<b>Total adjustments</b>	-12,273	0	-12,273	12,273	0	
<b>Increase or Decrease in the year</b>	118	0	118	-24,187	-24,069	
<b>Balance at 31 March 2022</b>	-23,296	0	-23,296	644,493	621,197	

\* General Fund includes Earmarked Reserves

## Balance Sheet

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

31 March 2021		31 March 2022		See Notes
£000s	£000s	£000s	£000s	
	32,519	Property, Plant & Equipment		5
	15,932	Land & Buildings	38,978	
		Vehicles, Plant & Equipment	21,998	
	48,451		60,976	
	94	Intangible Assets	70	6
	467	Long-term Debtors	347	9
	49,012	<b>Long-term Assets</b>	61,393	
466		Inventories	475	8
12,456		Short-term Debtors	10,051	9
5,565		Cash & Cash Equivalents	5,426	10
	18,487	<b>Current Assets</b>	15,952	
-2,153		Short-term Borrowing	-608	7
-8,905		Short-term Creditors	-8,969	9
-858		Provisions	-1,138	11
0		Revenue Grants Received in Advance	0	
	-11,916	<b>Current Liabilities</b>	-10,715	

## Balance Sheet

31 March 2021		31 March 2022			See Notes
£000s	£000s		£000s	£000s	
-10,392		Long-term Creditors	-9,127		9/21
-11,869		Long-term Borrowing	-16,261		7
-678,588		Net Pensions Liability	-662,439		22
	-700,849	<b>Long-term Liabilities</b>		-687,827	
	-645,266	<b>Net Assets</b>		-621,197	
-2,844		General Fund	-2,884		12
-20,570		Earmarked General Fund Reserves	-20,412		12
	-23,414	<b>Usable Reserves</b>		-23,296	
-4,363		Revaluation Reserve	-10,012		13a
-8,960		Capital Adjustment Account	-8,758		13b
678,588		Pensions Reserve	662,439		13c
3,120		Collection Fund Adjustment Account	573		13d
295		Short-term Accumulating Compensated Absences Account	251		13e
	668,680	<b>Unusable Reserves</b>		644,493	
	645,266	<b>Total Reserves</b>		621,197	

## 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.

2020/21			2021/22		See Notes
£000s	£000s		£000s	£000s	
	5,148	<b>Net (surplus)/deficit on the provision of services</b>		12,391	
		Adjust net (surplus)/deficit on the provision of services for non-cash movements			
-3,559		Depreciation and amortisation	-3,601		
-320		Change in valuations of property, plant & equipment	497		
1,005		(Increase)/decrease in creditors	-1,944		
2,040		Increase/(decrease) in debtors	-139		
31		Increase/(decrease) in inventories	9		
53		(Increase)/decrease in provisions	-304		
-6,539		(Increase)/decrease in pension liability	-14,663		
-3,199		Other non-cash items charged to the net surplus or deficit on the provision of services	3,052		
	-10,488	Adjust for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities		-17,093	
	79	Proceeds from the sale of property, plant and equipment		79	
	-5,261	<b>Net cash flows from operating activities</b>		-4,623	10

## Cash Flow Statement

2020/21			2021/22		See Notes
£000s	£000s		£000s	£000s	
		<b>Investing activities</b>			
5,843		Purchase of property, plant, equipment and intangibles	7,020		
0		Purchase of short-term investments	0		
-79		Proceeds from sale of property, plant and equipment	-79		
0		Proceeds from short-term investments	0		
	5,764	<b>Net cash flows from investing activities</b>		6,941	
		<b>Financing activities</b>			
641		Cash payments for the reduction of outstanding liabilities			
		- Private Finance Initiative	668		
-846		Transfer of ESMCP regional funding	0		
0		Receipts from new long-term borrowing	-5,000		
152		Repayments of long-term borrowing	2,153		
	-53	<b>Net cash flows from financing activities</b>		-2,179	
	450	<b>Net (increase)/decrease in cash and cash equivalents</b>		139	
	6,015	<b>Cash and cash equivalents at the beginning of the year</b>		5,565	
	5,565	<b>Cash and cash equivalents at the end of the year</b>		5,426	10

## Notes to the Financial Statements

### 1 Critical judgements in applying accounting policies

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

- ◆ There remains a degree of uncertainty about future levels of Government funding for fire and rescue services. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

### 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. The assumptions and other sources of estimation uncertainty disclosed below relate to the estimates that require the authority's most difficult, subjective or complex judgements. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex. 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 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are set out below.

- ◆ Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the authority with expert advice about the assumptions to be applied. The actuary has provided an assessment of the effect of changes in the assumptions used in estimating the pensions assets and liabilities included in the Accounts according to the requirements of IAS 19. This is reported in Note 22f.
- ◆ The age and remaining lives of buildings and their elements have been advised by the Authority's Valuer and assessed as at the valuation date. Assets are valued on a five-year rolling basis. Asset lives have been provided based on the assumption that building elements will continue to be maintained normally over the period from the date of inspection to the valuation date and that there will be no untoward changes. If the remaining lives of buildings is reduced, depreciation charges will increase and the carrying value of the buildings will fall. It is estimated that the annual depreciation charge for buildings would increase by £74k for every year that the remaining lives had to be reduced.

The property valuations were undertaken at 31 March 2022, based on market conditions at that time. A 1% change in valuations equates to £390k.



## Notes to the Financial Statements

- ◆ The debtors figure included in the accounts for Council Tax and Business Rates (NNDR) includes an estimation for those debts that may not be recovered. The bad debt calculation is completed separately by each of our four billing authorities and returned to us as the precepting authority to enable us to account for our share. An impairment allowance of £2.3m has been set aside in relation to Council Tax and Business Rates debts that may not be received. A provision of £747k has been set aside for business rate appeals that have yet to be determined. Any variation in actual recovery would affect the final collection fund surplus/deficit position. This in turn would impact on future year's budgets when recognised in line with statutory requirements.

### 3 Material items of income and expense

All major items of Income and Expenditure are disclosed on the face of the Comprehensive Income and Expenditure Statement with no material items required to be separately identified.

### 4 Events after the Balance Sheet date

Post Balance Sheet events occur between the Balance Sheet date (31 March 2022) 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 final accounts were authorised for issue by the Treasurer on 7 December 2022.

## Notes to the Financial Statements

### 5 Property, plant and equipment

#### A Movements on balances

2020/21 (Prior year)	Land & Buildings £000s	Vehicles £000s	Plant & Equipment £000s	Total £000s
<u>Cost or valuation</u>				
At 1 April 2020	33,558	17,679	6,387	57,624
Additions in year	731	1,958	831	3,520
Revaluations	-787	0	0	-787
Derecognition due to disposals	0	-156	-175	-331
Write-out depreciation on revaluation	-983	0	0	-983
Cost or valuation at 31 March 2021	32,519	19,481	7,043	59,043
<u>Depreciation</u>				
At 1 April 2020	0	-5,678	-2,692	-8,370
Charge for the year	-983	-1,413	-1,068	-3,464
Disposals in year	0	87	172	259
Write-out depreciation on revaluation	983	0	0	983
Depreciation at 31 March 2021	0	-7,004	-3,588	-10,592
Net Book Value at 31 March 2021	32,519	12,477	3,455	48,451
<u>Nature of asset holding at 31 March 2021</u>				
Owned	25,301	12,477	3,455	41,233
Private Finance Initiative	7,218	0	0	7,218
Net Book Value at 31 March 2021	32,519	12,477	3,455	48,451

## Notes to the Financial Statements

2021/22 (Current year)	Land & Buildings £000s	Vehicles £000s	Plant & Equipment £000s	Total £000s
<u>Cost or valuation</u>				
At 1 April 2021	32,519	19,481	7,043	59,043
Additions in year	1,210	8,318	602	10,130
Revaluations	6,145	0	0	6,145
Derecognition due to disposals	0	-294	-326	-620
Write-out depreciation on revaluation	-896	0	0	-896
Cost or valuation at 31 March 2022	38,978	27,505	7,319	73,802
<u>Depreciation</u>				
At 1 April 2021	0	-7,004	-3,588	-10,592
Charge for the year	-896	-1,742	-939	-3,577
Disposals in year	0	147	300	447
Write-out depreciation on revaluation	896	0	0	896
Depreciation at 31 March 2022	0	-8,599	-4,227	-12,826
Net Book Value at 31 March 2022	38,978	18,906	3,092	60,976
<u>Nature of asset holding at 31 March 2022</u>				
Owned	31,613	18,906	3,092	53,611
Private Finance Initiative	7,365	0	0	7,365
Net Book Value at 31 March 2022	38,978	18,906	3,092	60,976

## Notes to the Financial Statements

### B Revaluations

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

A valuation of a representative sample of land and buildings covering about a fifth of the property assets was carried out as at 31 March 2022 by BNP Paribas, who are RICS qualified and independent of the Authority. The results of this valuation were applied to all properties, resulting in unrealised gains of £6.6m and revaluation losses of £428k.

In accordance with the Code, unrealised gains were posted to the Revaluation Reserve, except where they had the effect of reversing previous revaluation losses, when they were credited to the Cost of Services in the Comprehensive Income and Expenditure Statement, which had originally borne those losses. Losses at 31 March 2022 were charged against any balance for individual properties in the Revaluation Reserve, and to the Cost of Services where the balance in the Reserve was insufficient.

At the end of 2021/22, the Fleet Engineer advised that many vehicles would be kept in use for between one and six years beyond the estimated useful life as decided at the date of purchase. The effect of this change in accounting estimate was to reduce depreciation in the year by £46k, as the value of vehicles will be written down over a longer period.

### C Impairments

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

With regard to its property assets, the Authority carries out repairs, planned and reactive maintenance each year, while also including funds in its capital programme for minor improvements which help to maintain the capital value as assessed periodically by the independent Valuers. In 2021/22, there were no specific events which caused the Authority to impair its assets.

### D Capital Commitments

At 31 March 2022, the Authority had outstanding capital commitments from purchase orders totalling £3m. In addition, the Authority had made prepayments of £599k towards the cost of new vehicles and associated equipment.

## Notes to the Financial Statements

### 6 Intangible assets

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

2020/21 Net Value £000s		Gross Value £000s	2021/22 Amortisation £000s	Net Value £000s
104	Carrying Amount at 1 April	451	-357	94
85	Additions in year	0	0	0
-95	Amortisation in year	0	-24	-24
0	Derecognition on disposal or replacement	-281	281	0
94	Carrying Amount at 31 March	170	-100	70

### 7 Financial instruments

The Authority does not have complex borrowing or lending arrangements, and as such its financial assets (investments, cash equivalents and debtors) and financial liabilities (borrowings and creditors) are classified as held at amortised cost.

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

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

## Notes to the Financial Statements

31 March 2021			31 March 2022		
Long-term £000s	Current £000s	Financial Assets in the Balance Sheet	Long-term £000s	Current £000s	
		<u>Financial Assets (Held at amortised cost)</u>			
	5,402	Investments (Cash equivalents)		5,227	
	62	Trade debtors		152	
0	5,464		0	5,379	
		<u>Financial Liabilities (Held at amortised cost)</u>			
-11,869	-2,153	Public Works Loan Board (PWLB) loans	-16,261	-608	
-9,471	-668	Private Finance Initiative	-8,821	-650	
0	-1,377	Trade creditors	0	-1,184	
-21,340	-4,198		-25,082	-2,442	

2020/21			2021/22		
Charged £000s	Credited £000s	Interest in the Comprehensive Income and Expenditure Statement	Charged £000s	Credited £000s	
	-5	Investments		-4	
501		PWLB loans	491		

### Fair value

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

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

The difference between the fair value of PWLB loans and the carrying amount is due to the fixed rate of interest on the loans being higher than the prevailing rates (i.e. new loan rates) at 31 March 2022. The loan rates vary between 2.13% and 4.9%. The PWLB loans are classified in level 2 of the fair value hierarchy - i.e. their fair value is based on inputs other than quoted prices that are observable for the liability, either directly or indirectly.

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

31 March 2021				31 March 2022		
Carrying amount £000s	Fair Value £000s	Difference £000s		Carrying amount £000s	Fair Value £000s	Difference £000s
-14,022	-19,487	5,465	PWLB loans	-16,869	-21,029	4,160
-10,139	-9,063	-1,076	PFI liability	-9,471	-7,875	-1,596
-24,161	-28,550	4,389	Totals	-26,340	-28,904	2,564

## 8 Inventories

2020/21 Written off £000s	31 March 2021 Balance £000s		2021/22 Written off £000s	31 March 2022 Balance £000s
0	32	Vehicle Fuel	0	40
18	314	Clothing and Personal Protective Equipment	0	322
3	87	Equipment	0	93
1	33	Other	1	20
22	466	Total Inventories	1	475



## Notes to the Financial Statements

### 9 Debtors and creditors

31 March 2021			31 March 2022		
Debtors	Creditors		Debtors	Creditors	
£000s	£000s		£000s	£000s	
62	-1,377	Trade debtors and creditors	152	-1,184	
5,559	-16,668	Related parties	4,550	-15,492	
5,381	0	Prepayments	3,413	0	
3,992	-859	Council Tax and Business Rates	4,503	-996	
-2,202	0	Impairment allowance for doubtful debts	-2,305	0	
131	-393	Other amounts	85	-424	
12,923	-19,297	Total	10,398	-18,096	
467	-10,392	Comprising - Long-term balances	347	-9,127	
12,456	-8,905	Short-term balances	10,051	-8,969	
12,923	-19,297		10,398	-18,096	

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

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

Prepayments are those amounts related to the 2022/23 financial year which have been processed in 2021/22. The largest element of this is the payment of Firefighters' Pensions for April, as those pensions are paid in advance (£1.3m for April 2022; £1.3m for April 2021). At 31 March 2022 prepayments also includes £599k for stage payments on 7 operational vehicles still being built at that date.

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

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

## Notes to the Financial Statements

### 10 Cash Flow Statement disclosures

31 March 2021 £000s	Cash and cash equivalents	31 March 2022 £000s
6	Cash held by the Authority	5
5,559	Call and deposit accounts with banks	5,421
5,565	Total cash and cash equivalents	5,426

2020/21 £000s	Items included in Net cash flows from operating activities	2021/22 £000s
-5	Interest received	-4
502	Interest paid	490

Prior year	1 April 2020 £000s	Cash flows £000s	Non-cash changes £000s	31 March 2021 £000s
<b>Changes in liabilities arising from financing activities</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Long-term borrowings	-14,022	0	2,153	-11,869
Short-term borrowings	-152	152	-2,153	-2,153
Private Finance Initiative liabilities	-11,988	641	1,208	-10,139
Transfer of ESMCP regional funding	0	-846	846	0
Total liabilities arising from financing activities	-26,162	-53	2,054	-24,161

Current year	1 April 2021 £000s	Cash flows £000s	Non-cash changes £000s	31 March 2022 £000s
<b>Changes in liabilities arising from financing activities</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Long-term borrowings	-11,869	-5,000	608	-16,261
Short-term borrowings	-2,153	2,153	-608	-608
Private Finance Initiative liabilities	-10,139	668	0	-9,471
Total liabilities arising from financing activities	-24,161	-2,179	0	-26,340

## Notes to the Financial Statements

### 11 Provisions

Provision for Non-Domestic Rates Appeals		£000s
Balance at 1 April 2021		-771
Share of Provisions made in 2021/22		24
Balance at 31 March 2022		-747

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

Provision for Insurance Claims		£000s
Balance at 1 April 2021		-87
Use of reserve during 2021/22		57
Additional provision made in 2021/22		-361
Balance at 31 March 2022		-391

The Authority operates an internal insurance fund, with external policies covering larger and more catastrophic losses. Provision has been made for claims notified but not settled relating to 2021/22 and earlier financial years.

The total provisions (£1.1m) are shown in the Balance Sheet as short-term liabilities.

## Notes to the Financial Statements

### 12 Usable Reserves

	Balance 1 April 20 £000s	Transfers out £000s	Transfers in £000s	Balance 31 March 21 £000s	Transfers out £000s	Transfers in £000s	Balance 31 March 22 £000s
General Fund	-2,792	0	-52	-2,844	0	-40	-2,884
Earmarked Reserves	-14,881	5,157	-10,846	-20,570	8,259	-8,101	-20,412
<b>Total General Reserves</b>	-17,673	5,157	-10,898	-23,414	8,259	-8,141	-23,296
Capital Receipts Reserve	0	25	-25	0	42	-42	0
<b>Total Usable Reserves</b>	-17,673	5,182	-10,923	-23,414	8,301	-8,183	-23,296

#### General Fund

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

#### Earmarked Reserves

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

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

#### Capital Receipts Reserve

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

## Notes to the Financial Statements

Earmarked Reserves	Balance 1 April 20 £000s	Transfers out £000s	Transfers in £000s	Balance 31 March 21 £000s	Transfers out £000s	Transfers in £000s	Balance 31 March 22 £000s	See note below
Ill Health Retirement	-499	246	-150	-403	248	-100	-255	A
Insurance	-1,271	5	-162	-1,428	361	-100	-1,167	B
Unused grants	-2,020	1,445	-5,399	-5,974	3,835	-1,945	-4,084	C
Transformational Improvement	-7,500	2,704	-2,006	-6,802	3,500	-2,356	-5,658	D
Leadership and Training	-306	67	0	-239	75	0	-164	E
Capital Replacement	-1,007	74	-3,119	-4,052	0	-3,600	-7,652	F
Service Control	-436	0	0	-436	0	0	-436	G
Leasing Rental	-496	85	0	-411	85	0	-326	H
Youth Intervention	-190	68	0	-122	70	0	-52	I
Emergency Medical Response	-200	200	0	0	0	0	0	J
ESMCP	-800	107	-10	-703	85		-618	K
Other Reserves	-156	156	0	0	0	0	0	L
<b>Total Earmarked Reserves</b>	<b>-14,881</b>	<b>5,157</b>	<b>-10,846</b>	<b>-20,570</b>	<b>8,259</b>	<b>-8,101</b>	<b>-20,412</b>	

### Purposes of Earmarked Reserves

#### A Ill Health Retirement

For the Firefighters' Pension Scheme, the cost of ill-health retirements and any injury compensation granted has to be paid locally. In some circumstances, additional contributions have to be made to the Pension Scheme. This reserve recognises these specific liabilities, and helps to manage any unpredictable costs.

#### B Insurance

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

## Notes to the Financial Statements

### **C Unused Grants**

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

### **D Transformational Improvement**

This reserve provides funding to meet costs associated with changes the Service needs to make in order to meet the challenge of predicted shortfalls in funding and any other new Service requirements. Surplus funds have been transferred to the Capital Replacement Reserve to support future capital investment and reduce borrowing.

### **E Leadership and Training**

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

### **F Capital Replacement**

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

### **G Service Control**

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

### **H Leasing Rental**

This reserve funds costs of a lease for the Service's headquarters at the Five Rivers Health & Wellbeing Centre in Salisbury. The lease lasts for ten years and commenced in February 2016. The annual rental cost of £85k is matched by a transfer from the reserve.

### **I Youth Intervention**

This reserve is used to support the costs of running youth intervention and education programmes.

### **J Emergency Medical Response**

This reserve was set up to support the costs of trialling new approaches to emergency medical response, but is not now required.

### **K ESMCP**

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

### **L Other Reserves**

This covered a number of smaller reserves held, which are not now required.

## Notes to the Financial Statements

### 13 Unusable reserves

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

#### a Revaluation Reserve

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

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

2020/21 £000s	Revaluation Reserve	2021/22 £000s
-4,830	Balance at 1 April	-4,363
-773	Unrealised gains on revaluation of property assets	-6,044
1,240	Unrealised losses on revaluation of property assets	395
0	Write-out accumulated gains on assets sold or scrapped	0
-4,363	Balance at 31 March	-10,012

#### b Capital Adjustment Account

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

## Notes to the Financial Statements

2020/21 £000s	Capital Adjustment Account	2021/22 £000s	2021/22 £000s
-8,750	Balance at 1 April		-8,960
	Reversal of items relating to capital expenditure charged or credited to CIES		
3,464	Depreciation of non-current assets	3,577	
320	Revaluation gains and losses on Property, Plant and Equipment	-497	
95	Amortisation of intangible assets	24	
73	Amounts of non-current assets written out on sale or disposal	120	
-1,208	Adjustment to PFI liability (Note 21)	0	
2,744	Net written out as the cost of non-current assets consumed in the year		3,224
-1	Rounding		1
	Capital financing applied in the year		
-25	Capital Grants and Receipts applied to capital financing	-42	
-517	Capital expenditure charged against the General Fund	-454	
-1,544	Statutory provision for debt repayment	-1,652	
-867	Revenue provision in respect of Private Finance Initiative	-875	
-2,953			-3,023
-8,960	Balance at 31 March		-8,758

### c Pensions Reserve

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

The debit balance on the Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding has been set aside by the time that the benefits come to be paid. Further information about pensions liabilities is given in Note 22.



## Notes to the Financial Statements

2020/21 £000s	Pensions Reserve	2021/22 £000s
520,485	Balance at 1 April	678,588
151,564	Actuarial gains or losses on pensions assets and liabilities	-30,812
16,667	Reversal of items relating to retirement benefits charged or (credited) to the CIES Deficit on the Provision of Services	24,609
-10,128	Employers' pension contributions and direct payments to pensioners payable in the year	-9,946
678,588	Balance at 31 March	662,439

### d Collection Fund Adjustment Account

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

The Covid-19 pandemic has had a significant impact on Council Tax and NNDR income nationally, which has been reflected in the billing authorities within the Dorset & Wiltshire Fire and Rescue Service area. As a result, the Authority's share of the combined collection fund deficit for Council Tax and NNDR across all constituent billing authorities stands at £573k.

Various measures have been put in place by Central Government to minimise the impact of the deficit on authorities' finances. For instance, authorities are allowed to spread the Council Tax collection fund deficit for 2020/21 across three years to 2023/24. The Authority received two grants from Government in 2020/21, totalling £2.6m, and a further grant of £1.86m in 2021/22, the details of which can be found in Note 17.

## Notes to the Financial Statements

2020/21 £000s	Collection Fund Adjustment Account	2021/22 £000s
-146	Balance at 1 April	3,120
	Amount by which the income credited to the CIES differs from that calculated for the year in accordance with statutory requirements	
741	Council Tax	-1,018
2,525	Non-Domestic Rates	-1,529
3,120	Balance at 31 March	573

### 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.

2020/21 £000s	Short-term Accumulating Absences Account	2021/22 £000s
208	Balance at 1 April	295
-208	Settlement or cancellation of accrual made at the end of the preceding year	-295
295	Amounts accrued at the end of the current year	251
87	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	-44
295	Balance at 31 March	251

## 14 Members' Allowances

The total amount paid in allowances to Members in accordance with the Authority's approved scheme of Members' Allowances made under the Local Authorities (Members' Allowances) (England) Regulations 2003 was £103,010 (£103,890 in 2020/21). There were £1,265 of travelling and subsistence costs reimbursed during the year (nil in 2020/21).

## Notes to the Financial Statements

### 15 Officers' remuneration

#### A Remuneration bands

The Accounts and Audit Regulations require the disclosure of the numbers of officers whose remuneration exceeded £50,000 in the year, analysed in bands of £5,000. Where appropriate, this table includes those officers listed in Note 15B and the effect of exit packages shown in Note 15C.

2020/21 No.	Remuneration band	2021/22 No.
31	£50,000 - £54,999	43
41	£55,000 - £59,999	42
10	£60,000 - £64,999	12
10	£65,000 - £69,999	11
0	£70,000 - £74,999	2
2	£75,000 - £79,999	2
3	£80,000 - £84,999	5
0	£85,000 - £89,999	1
0	£90,000 - £94,999	0
0	£95,000 - £99,999	0
1	£100,000 - £104,999	0
0	£105,000 - £109,999	1
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0
2	£120,000 - £124,999	2
0	£125,000 - £129,999	0
1	£130,000 - £134,999	1
	~	
1	£160,000 - £164,999	0
0	£165,000 - £169,999	1

## Notes to the Financial Statements

### B Senior officers' remuneration

The Accounts and Audit Regulations require the disclosure of the remuneration of senior officers whose annual salary is over £50,000 and who have responsibility for management to the extent that they can direct or control the major activities of the Authority, either solely or collectively. These officers are the Brigade Managers who collectively form the Strategic Leadership Team, and the S.151 Officer. Expenses are taxable payments, not reimbursements made for (e.g.) subsistence. Benefits in kind comprise the taxable cash equivalent value of any benefits provided by the Authority.

2021/22 Role	Salary, fees and allowances £	Expenses & Benefits in kind £	Total excluding pension £	Employers' pension contributions £	Total £	See note
Ben Ansell, Chief Fire Officer	165,296	163	165,459	47,597	213,056	
Deputy Chief Fire Officer	132,237	163	132,400	28,431	160,831	
Assistant Chief Officer, Community Safety	27,561	30	27,591	10,280	37,871	2
Assistant Chief Officer, Community Safety	124,477	163	124,640	35,573	160,213	3
Assistant Chief Officer, Service Support	124,903	0	124,903	35,698	160,601	
Temporary Assistant Chief Officer, Service Support	21,305	880	22,185	4,581	26,766	4
Director of People Services	103,310	4,604	107,914	22,212	130,126	
Head of Financial Services & Treasurer	77,528	4,250	81,778	16,668	98,446	
Total	776,617	10,253	786,870	201,040	987,910	

## Notes to the Financial Statements

2020/21 Role	Salary, fees and allowances £	Expenses & Benefits in kind £	Total excluding pension £	Employers' pension contributions £	Total £	See note
Ben Ansell, Chief Fire Officer	163,049	163	163,212	43,968	207,180	1
Deputy Chief Fire Officer	130,439	163	130,602	28,027	158,629	
Assistant Chief Officer, Community Safety	121,830	138	121,968	45,442	167,410	
Assistant Chief Officer, Service Support	122,288	0	122,288	32,976	155,264	
Director of People Services	94,987	8,179	103,166	20,411	123,577	
Head of Financial Services & Treasurer	76,195	4,250	80,445	16,382	96,827	
Total	708,788	12,893	721,681	187,206	908,887	

- Notes:
- 1 The Director of People Services worked full-time, 37 hours per week, from 1 October 2020. Prior to that date this was a part-time post, 32 hours per week.
  - 2 The Assistant Chief Officer, Community Safety left on 16 June 2021.
  - 3 The replacement Assistant Chief Officer, Community Safety started on 1 April 2021, therefore full year costs are included here.
  - 4 The Temporary Assistant Chief Officer, Service Support started on 17 January 2021. The full time equivalent salary for this role is £105,085.

### 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 2021/22.

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

## Notes to the Financial Statements

2020/21			2021/22	
No.	£	Exit package cost band	No.	£
5	32,887	£0 - £20,000	2	31,816
0	0	£20,001 - £40,000	0	0
0	0	£40,001 - £60,000	0	0
0	0	£80,001 - £100,000	0	0

### 16 External audit costs

The Authority's external auditor charged £34,650 for work undertaken in 2021/22 (£44,650 in 2020/21). The audit scale fee is £34,650. A further £10,000 was charged for 2020-21 for additional work related to Value for Money and extended testing. Similar additional fees may be charged in 2021-22 but have yet to be agreed.

## Notes to the Financial Statements

### 17 Grant income

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

2020/21 £000s		2021/22 £000s	2021/22 £000s
	<u>Credited to the Cost of Services</u>		
-7	National Resilience Grant (New Dimension)	-7	
-1,627	Private Finance Initiative (PFI) Grant	-1,627	
-583	Emergency Services Mobile Communications Programme Grant	-95	
-37	Grants and contributions towards fire prevention activities	-113	
-434	Fire Protection funding	-316	
-586	Firelink Revenue Grant	-501	
-2,704	Fire Pensions	-2,704	
-89	Fire Pensions Administration	-88	
-1,255	Covid-19 Grant	-78	
-490	Dorset Civil Contingencies Unit	-461	
-589	Other grants and contributions	-213	
-8,401			-6,203
	<u>Credited to Taxation and Non-specific Grant Income</u>		
-3,857	Revenue Support Grant	-3,879	
-5,376	Non-Domestic Rates Top-up Grant	-5,376	
-2,489	Compensation for expanded retail and nursery discounts and local newspaper relief	-1,162	
-113	Local Tax Income Guarantee compensation	-697	
-1,078	Other non-ringfenced Government Grants	-1,029	
-12,913			-12,143
-21,314	Total credited to the Comprehensive Income and Expenditure Statement		-18,346

Grants and contributions which have not been used to match expenditure in the year are transferred to earmarked reserves, while those brought forward from previous years may be transferred to the revenue account to cover expenditure in the current year. These transfers are shown in Note 12 and in the Movement in Reserves Statement. They are excluded from this table.

## **Notes to the Financial Statements**

### **18 Related party transactions**

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

Central Government has effective control over the general operations of the Authority, in that it is responsible for the statutory framework in which the Authority operates and provides much of its funding in grants. It also sets the terms of some of the transactions which the Authority has with other parties, such as Council Taxpayers. Grants received from central government are set out in Note 17.

Members of the Fire Authority have ultimate control over the Authority's governance and financial policies. The allowances paid to Members in the year are shown in Note 14. Where Members have declared personal interests in accordance with statutory requirements, the details of these have been recorded and are open to public inspection.

Key management personnel having the authority and responsibility for planning, directing and controlling the activities of the Service, and members of their families and households, have been asked to declare external interests which might affect the independence of the Authority. All those required to complete returns have replied with no material interests to declare. The payments made in respect of senior officers are detailed in Note 15.

The Authority is working with two other Fire Authorities (Devon & Somerset and Hampshire) in a Networked Fire Services Partnership (NFSP) project, to provide a collaborative approach to the provision of fire control services. The Authority is responsible for paying all partnership-related expenditure and for recovering each partner's share of these costs. During 2021/22 the partnership incurred total expenditure of £654k which was shared amongst the partners as detailed in the table below.

<b>NFSP Costs Recovered</b>	<b>2020/21 £000s</b>	<b>2021/22 £000s</b>
Devon & Somerset	173	211
Hampshire	190	234
Dorset & Wiltshire	188	209
<b>Total</b>	<b>551</b>	<b>654</b>



## **Notes to the Financial Statements**

The Authority also incurred another £145k of revenue expenditure on the project in the year. This expenditure was solely attributable to Dorset & Wiltshire Fire and Rescue Authority, rather than to the partnership. £118k of the year's expenditure on the project was financed by Government grants.

The Authority undertakes the role of finance lead for the South West region of the Emergency Services Mobile Communication Programme (ESMCP). ESMCP is a Home Office led cross-government programme to deliver the new Emergency Services Network (ESN) critical communications system, which will replace the current Airwave service used by the emergency services in Great Britain. During 2020/21 £1.17m of Local Transition Resource (LTR) grant money was received by the to hold on behalf of the region. In 2021/22, as per amounts agreed by the Home Office, £279k of this grant was distributed to our regional partners (Cornwall, Devon & Somerset, Gloucestershire, Hampshire and the Isle of Wight), and the Authority itself transferred £95k of the grant to revenue to finance some of its ESMCP related staff costs (£227k and £93k respectively in 2020/21). The balance on the grant as at 31 March 2022 is £472k, which is included as part of the Authority's liabilities on the Balance Sheet.

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.

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

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## Notes to the Financial Statements

### 20 Leases

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

2020/21 £000s	Operating leases Property	2021/22 £000s
375	Charged to the Cost of Services in the year	361
	Future minimum lease payments	
377	Not later than one year	356
1,207	Later than one year and not later than five years	701
605	Later than five years	602
2,189	Total of future minimum lease payments	1,659

### 21 Private Finance Initiative

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

The Authority makes an agreed payment each year which comprises both fixed and variable elements. For 2021/22 the value of the Authority's share of those payments was £2.5m and the Authority received £1.6m of financial support from the Ministry for Housing, Communities and Local Government in the form of a PFI grant. Payments remaining to be made under the PFI contract at 31 March 2022 are as follows:

## Notes to the Financial Statements

	PFI liability	Interest	Service charges	Lifecycle replacement	Total
	£000s	£000s	£000s	£000s	£000s
Payable in 2022/23	650	526	1,031	253	2,460
Payable in 2 to 5 years	2,539	1,780	4,465	1,308	10,092
Payable in 6 to 10 years	3,761	1,388	6,686	1,398	13,233
Payable in 11 to 15 years	2,521	273	4,190	428	7,412
Total	9,471	3,967	16,372	3,387	33,197

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

2020/21 £000s		2021/22 £000s
-11,988	Balance at 1 April	-10,139
-226	Capitalisation of Private Finance Initiative Assets in year	-207
1,208	Adjustment to PFI liability	0
867	Principal repayment in the year	875
-10,139	Balance at 31 March	-9,471

The "Adjustment to PFI liability" relates to agreed capital contributions made by the former Dorset Fire Authority towards the funding of the PFI scheme. The payments were made in the 2008/09, 2009/10 and 2010/11 financial years and should have been shown as reductions in the PFI liability. An adjustment was included in 2020/21 to show the correct liability as at 31 March 2021.

## Notes to the Financial Statements

### 22 Defined Benefit Pension Schemes

#### a Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make these payments which needs to be disclosed at the time that employees earn their future entitlements.

The Authority participates in two pension schemes:

- ◆ the Local Government Pension Scheme (LGPS) for corporate employees and for uniformed personnel who are not eligible to join the Firefighters' Pension Scheme (FPS). Members of staff participating in the LGPS are members of the Wiltshire Pension Fund and Wiltshire Council is responsible for administering the scheme.

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

- ◆ the Firefighters' Pension Scheme (FPS) for uniformed personnel - this includes the 1992, 2006, 2015 and Modified schemes. Membership of each scheme is dependent on the personal circumstances of each member, such as whether they are a Wholetime or On-Call firefighter and their date of joining. Although the terms and conditions of each scheme vary, all are unfunded schemes, meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they fall due. This scheme is administered on behalf of the Authority by West Yorkshire Pension Fund. Actuarial advice and support is provided by Barnett Waddingham.

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

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

## Notes to the Financial Statements

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

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

The Authority is the Scheme Manager for the FPS. A Local Pension Board, comprising Fire Authority Members, pensioner representatives and employer representatives is responsible for monitoring the performance of the pensions administrator and assisting the Authority in its Scheme Manager role, so as to comply with the Regulations, any other legislation relating to the governance and administration of the scheme, and any requirements of the Pensions Regulator, as well as ensuring that effective and efficient governance and administration takes place.

The risks of the FPS are reduced by the top-up grant, which is paid by Government to cover the net deficit on the Scheme. The main residual risk concerns some injury liabilities for which the Authority is responsible. The last formal valuation of the FPS was at 31 March 2020. From 1 April 2015 a new benefit structure came into effect for the FPS meaning that all current active members will move into the new (2015) scheme from that date unless they qualify for protections that allow them to remain in their current scheme.

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

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

## Notes to the Financial Statements

2020/21		Transactions in CIES and MIRS	2021/22	
Firefighters' Scheme £000s	LGPS £000s		Firefighters' Scheme £000s	LGPS £000s
		<b>Comprehensive Income and Expenditure Statement</b>		
8,906	3,228	Current service cost	13,545	5,127
220	6	Past service costs	248	11
11,544	508	Net interest expense	12,651	818
-15,801	-2,072	Benefits paid net of contributions by scheme participants	-15,553	-2,184
4,869	1,670	Total charged or credited to the deficit on the provision of services	10,891	3,772
		<u>Other Comprehensive Income and Expenditure</u>		
		Remeasurement of the net defined benefit liability comprising:		
0	-7,496	Return on plan assets (excluding that in the net interest expense)	0	-3,674
120,370	22,296	Actuarial gains/losses from changes in financial assumptions	-20,099	-7,649
3,879	1,144	Actuarial gains/losses from changes in demographic assumptions	0	-507
12,076	-705	Other experience	894	223
136,325	15,239	Total charged to other comprehensive income and expenditure	-19,205	-11,607
141,194	16,909	Total charged to CIES	-8,314	-7,835
		<b>Movement in Reserves Statement</b>		
-4,869	-1,670	Reversal of net charges made to the deficit on the provision of services in accordance with the Code	-10,891	-3,772
8,037	2,091	Actual amount charged against the General Fund balance for pensions - Employers' contributions payable to the schemes	7,733	2,213

## Notes to the Financial Statements

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

31 March 2021		Pensions assets and liabilities recognised in the Balance Sheet	31 March 2022	
Firefighters' Scheme £000s	LGPS £000s		Firefighters' Scheme £000s	LGPS £000s
-611,697	-49	Present value of unfunded liabilities	-604,775	-46
0	-98,242	Present value of funded liabilities	0	-96,701
-28,463	0	Present value of injury liabilities	-27,071	0
0	59,863	Fair value of employer assets	0	66,154
-640,160	-38,428	Net liability arising from defined benefit obligation	-631,846	-30,593

2020/21		Reconciliation of present value of scheme liabilities	2021/22	
Firefighters' Scheme £000s	LGPS £000s		Firefighters' Scheme £000s	LGPS £000s
-498,966	-71,848	Opening balance at 1 April	-640,160	-98,291
-8,906	-3,228	Current service cost	-13,545	-5,127
-220	-6	Past service cost	-248	-11
-11,544	-1,675	Interest cost on defined benefit obligation	-12,651	-2,058
-2,777	-639	Contributions by scheme participants	-2,824	-682
18,578	1,840	Benefits paid	18,377	1,489
		Remeasurement gains and losses:		
-120,370	-22,296	Changes in financial assumptions	20,099	7,649
-3,879	-1,144	Changes in demographic assumptions	0	507
-12,076	705	Other experience	-894	-223
-640,160	-98,291	Closing balance at 31 March	-631,846	-96,747



## Notes to the Financial Statements

2020/21		Reconciliation of the fair value of scheme assets	2021/22	
Firefighters' Scheme £000s	LGPS £000s		Firefighters' Scheme £000s	LGPS £000s
0	50,329	Opening balance at 1 April	0	59,863
0	1,167	Interest income on plan assets	0	1,240
2,777	639	Contributions by scheme participants	2,824	682
15,801	2,072	Employer contributions	15,553	2,184
-18,578	-1,840	Benefits paid	-18,377	-1,489
0	0	Transfers to/from other authorities	0	0
0	7,496	Return on assets excluding that included in net interest	0	3,674
0	0	Other experience	0	0
0	59,863	Closing balance at 31 March	0	66,154

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £662.4m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £621.2m.

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

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

In the year to 31 March 2023, the total employer contributions to be made by the Authority to the Wiltshire Council Fund are estimated at £2,170,000 and to the Firefighters' Schemes £6,032,000.

## Notes to the Financial Statements

### d Fair Value of Employer Assets

31 March 2021			Analysis of fair value of scheme assets Wiltshire Council Fund	31 March 2022		
Quoted prices in active markets £000s	Prices not quoted in active markets £000s	Total £000s		Quoted prices in active markets £000s	Prices not quoted in active markets £000s	Total £000s
			Property			
0	4,072	4,072	United Kingdom	0	4,611	4,611
0	2,052	2,052	Overseas	0	2,777	2,777
0	6,124	6,124	Total property	0	7,388	7,388
			Investment Funds and Unit Trusts			
0	25,898	25,898	Equities	0	26,510	26,510
0	18,612	18,612	Bonds	0	18,119	18,119
0	3,955	3,955	Infrastructure	0	5,036	5,036
0	4,581	4,581	Other	0	8,803	8,803
0	53,046	53,046	Total Investment Funds and Unit Trusts	0	58,468	58,468
			Cash and other			
0	693	693	Cash and cash equivalents	0	298	298
0	0	0	Other	0	0	0
0	693	693	Total cash and other	0	298	298
0	59,863	59,863	Total scheme assets	0	66,154	66,154

## Notes to the Financial Statements

### e Basis for estimating assets and liabilities

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

31 March 2021		Principal assumptions used by the actuary	31 March 2022	
Firefighters' Scheme	Wiltshire LGPS		Firefighters' Scheme	Wiltshire LGPS
		<u>Mortality assumptions</u>		
		Longevity for current pensioners (in years)*		
20.5	21.9	Men	20.5	21.7
22.7	24.4	Women	22.8	24.2
		Longevity for future pensioners (in years) *		
21.7	22.9	Men	21.8	22.6
24.2	26.2	Women	24.3	26.0
18.0	23.0	Weighted average duration of the defined benefit obligation (in years)	18.0	23.0
3.25%	3.20%	Rate of inflation (Market derived RPI)	3.45%	3.55%
3.85%	3.20%	Rate of increase in salaries	4.30%	3.55%
2.85%	2.80%	Rate of increase in pensions	3.30%	3.15%
2.00%	2.05%	Rate for discounting scheme liabilities	2.60%	2.75%

\* Longevity assumptions are based on retirement at 65. Future pensioners are assumed to be age 45 as at 31 March 2022.

## Notes to the Financial Statements

### f Sensitivity analysis and risks and uncertainties relating to assumptions

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

The assumptions used are largely prescribed and reflect market conditions at 31 March 2022. Changes in market conditions can have a significant effect on the value of liabilities reported. For example, a reduction in the net discount rate will increase the assessed value of liabilities as a higher value is placed on benefits paid in the future. The effect of changes in financial assumptions is shown in the table.

Approximate increases - Firefighters' Schemes	Change	Employer Liability £000s
<u>Change in financial assumptions 2021/22</u>		
Decrease in real discount rate	0.1%	13,879
Increase in member life expectancy	0.1%	13,919
Increase in rate of increase in salaries	0.1%	13,295
Increase in rate of increase in pensions (CPI)	0.1%	13,873

Approximate increases - Wiltshire LGPS	Change	Employer Liability £000s
<u>Change in financial assumptions 2021/22</u>		
Decrease in real discount rate	0.1%	2,091
Increase in member life expectancy	1	3,870
Increase in rate of increase in salaries	0.1%	214
Increase in rate of increase in pensions	0.1%	1,863

## Notes to the Financial Statements

### 23 Contingent assets and liabilities

The Code defines a contingent asset as a possible asset that arises from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control. Contingent assets are not recognised in the Comprehensive Income and Expenditure Statement or in the Balance Sheet because prudence cautions that the gains may never be recognised.

No contingent assets have been recognised at the Balance Sheet date.

The Authority is also required to disclose if there are possible obligations which may require payment or a transfer of economic benefit at some time in the future.

- ◆ **McCloud / Sargeant pensions case** - the Authority is aware of a claim for 'injury to feelings' arising from the McCloud / Sargeant pensions issue. The claim seeks compensation for individual claimants in respect of non-financial damage caused by the transitional arrangements that were put in place related to the introduction of the Firefighters' Pension Scheme 2015. If this claim is successful then the Authority may be liable to make compensation payments. At this point in time it is not possible to estimate how many claims there might be or their value.
- ◆ **O'Brien v Ministry of Justice** - on 7 November 2018, the Court of Justice of the European Union (CJEU) ruled in favour of Mr O'Brien in a case concerning discrimination against part-time judges in the calculation of pensions. The ruling concluded that service prior 7 April 2000 (the deadline for the Part Time Workers Directive (PTWD) being transposed into UK law) must be taken into account under the PTWD for the purpose of calculating a retirement pension. The decision in this case is also applicable to on-call firefighters. This will provide the opportunity for staff who were employed at any time between 7th April 2000 and 30th June 2000 (this period was not included in the first exercise carried out in 2014/15), plus any on-call firefighters who were employed between 1st July 2000 and 5th April 2006, to access a pension.

This will be done through a second options exercise that will now take place. The regulations to implement the second options exercise in England will be drafted by the Home Office and consulted on before they are laid before Parliament. The timings for the second options exercise are currently unknown although the Home Office has a maximum period of 18 months to draft, consult, and introduce the necessary secondary legislation.

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

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

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

## Notes to the Financial Statements

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

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

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

### Credit risk

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

The 2021/22 Treasury Management Policy Statement and Practices (incorporating the Annual Investment Strategy) allowed internal staff to invest surplus cash in a limited range of specified deposits, either fixed term or on call, but where the maturity was for no longer than one year. The Treasury Management Policy requires financial institutions to have a minimum short-term Fitch IBCA credit rating of F1 and a long-term rating of A. The criteria are used to derive a list of institutions which may be used, and authority is delegated to the Treasurer to vary the list and limits as circumstances dictate. The listings are reviewed at least quarterly. During 2021/22, investment activities continued to be constrained by the unwillingness of some institutions to accept short-term deposits for the sums available to invest. The Authority has appointed independent advisors to assist with Treasury Management, with a view to widening the range of investments in future years.

## Notes to the Financial Statements

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

Category of financial institution	Maximum investment
Highest quality UK and overseas financial institutions	£5 million
Group limits (institutions under common ownership)	£8 million
Other local authorities	£3 million
100% owned subsidiaries of clearing banks	£3 million
Other F1/A rated banks and building societies	£1.5 million

At 31 March 2021 and 2022, the Authority held no short-term investments that were not classed as cash equivalents. These short-term, highly liquid financial instruments are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The credit risks in investments have not changed since initial recognition. As the risk of default is considered to be negligible, the Authority has not estimated an amount of expected credit losses. At 31 March 2022, cash equivalents included £5.2m in call and deposit accounts with six institutions (31 March 2021 £5.4m with three institutions).

The Authority does not generally allow credit to its debtors, and at 31 March 2022, there were no material trade debts more than three months past their due date. The impairment allowance of £1k was set with reference to specific debtors and individual debts, not on a formula basis.

### Liquidity risk

The Authority manages its cash flow to ensure that cash is available when needed. If unexpected movements happen, there is ready access to short-term funds through the money markets. There was no need to borrow in this way in 2021/22 or in 2020/21.

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

## Notes to the Financial Statements

Two new loans were taken out in 2021/22, totalling £5m, maturing in 2066 (£2.5m) and 2071 (£2.5m). No new loans were taken out in 2020/21.

31 March 2021 £000s	Maturity profile of borrowings	31 March 2022 £000s
2,153	Less than one year (in Current Liabilities in Balance Sheet)	608
608	One to two years	36
113	Two to five years	118
2,248	Five to ten years	2,207
8,900	Over ten years (last date September 2059)	13,900
14,022	Total loans outstanding	16,869

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

Creditors and other payables are all due within one year.

### Market risk

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

During 2021/22, interest rates available on investments and cash balances remained at a very low level despite the Bank of England Base Rate rising from 0.1% in April 2021 to 0.75% in March 2022. Income from interest was £4k in 2021/22 (£5k in 2020/21). This represented a weighted average rate of 0.04% on sums invested (0.05% in 2020/21). If rates were to increase by 0.1%, this would increase income by £9.5k, other factors being constant.

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



## Notes to the Financial Statements

### 25 Impact of future accounting standards

The Code requires disclosure of information relating to the impact of an accounting change that will be required by standards that have been issued or amended but not yet adopted. The following new or amended standards have been introduced to the 2022/23 Code and may require a change in accounting policy with effect from 1 April 2022:

- ◆ IFRS 1 (First time adoption) - amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS.
- ◆ IAS 37 (Onerous contracts) - clarifies the intention of the standard
- ◆ IAS 41 (Agriculture) - one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances
- ◆ Property Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

It is anticipated that these amendments will have no impact on the information provided in the financial statements.

## The Firefighters' Pension Fund Account

2020/21		Pension Fund Account	2021/22	
£000s	£000s		£000s	£000s
		Contributions receivable		
		From the Fire Authority		
-6,453		Contributions in relation to pensionable pay	-6,213	
-398		Other receipts	-254	
-2,797		Firefighters' contributions	-2,874	
	-9,648	Total income		-9,341
		Benefits payable		
13,996		Pensions	14,578	
3,809		Commutation of pensions and lump sum retirement benefits	3,695	
	17,805			18,273
	7	Transfers to other schemes		6
	17,812	Total expenditure		18,279
	8,164	Net amount payable for the year		8,938
	-7,583	Less Top-up Grant received on account for the year		-7,112
	581	Balance of Top-up Grant receivable		1,826

31 March 2021		Pension Fund Net Assets Statement	31 March 2022	
£000s	£000s		£000s	£000s
		Current Assets (Debtors)		
	581	Pension Top-up Grant receivable from the Government		1,826
	581	Net current assets and liabilities *		1,826

\* The net debtor at 31 March 2022 is included in the Balance Sheet figure for Short-term Debtors.

## Notes to the Pension Fund Accounts

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

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

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

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

### 2 Accounting Policies

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

### 3 Future Liabilities

The Pension Fund Account takes account only of transactions for the year of account. The Net Assets Statement shows assets and liabilities as at 31 March 2022. They do not take account of liabilities to pay pensions and other benefits after this period. Details of the Authority's future liabilities are set out in Note 22 to the Financial Statements.

## Annual Governance Statement 2021/22

### Scope and Responsibilities

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

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

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

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

The Authority has a Corporate Governance Policy, and this was most recently reviewed and approved by the Authority in February 2022. The policy supports us in working to the principles of the CIPFA (Chartered Institute of Public Finance and Accountancy)/SOLACE (Society of Local Authority Chief Executives) 'Delivering Good Governance in Local Government'. In preparing this Annual Governance Statement, the CIPFA/SOLACE framework is used as the benchmark or standard by which to measure against.

### The purpose of the governance framework

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

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

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

## Annual Governance Statement 2021/22

### Key elements of our Governance arrangements

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

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

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

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

Our 1-to-1 personal review system was co-designed with our Leadership Consultancy Group, a group nominated by staff as leaders in the Service. Linked to this is our Uniformed Promotion process which was also co-designed. New processes were introduced for both in 2020 and an internal audit review of Leadership Development carried out in 2021 gave a substantial assurance rating. New members of staff attend a comprehensive corporate induction programme and complete a probation process. In 2020 the corporate induction process was managed virtually as a result of the Covid-19 pandemic, but it has now returned to the usual in-person process.

During 2021 a new national core code of ethics for fire and rescue services was released. The code is jointly endorsed by the Local Government Association, the National Fire Chiefs Council and the Association of Police and Crime Commissioners. The Core Code sets out five ethical principles: putting our community first; integrity; dignity and respect; leadership; equality, diversity and inclusion, which provide a basis for promoting good behaviour and challenging inappropriate behaviour. During the later part of 2021 we have transitioned from our existing values and behaviours framework, 'RESPECT', to replace it with the Core Code of Ethics. This move has been widely communicated across the Service via our website and Connect, and through various management engagement sessions. It has also been linked in with our 1-2-1 and promotions processes and a handbook has been produced that forms part of our contract of employment.

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

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

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

## Annual Governance Statement 2021/22

Anti-fraud and corruption procedures are in place. The whistleblowing procedure is available to members of the public, employees, partners and contractors via the website. The complaints procedure is well publicised and there is a structured process of Officer and Member scrutiny. Internal audit reviewed 'Malpractice Management Controls' in 2020 and gave an 'Adequate' assurance rating, with 3 minor recommendations.

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

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

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

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

Due to the restrictions that were put in place as a response to the Covid-19 pandemic, we temporarily amended our governance arrangements to allow the Authority and Service to continue to operate effectively. From June 2020 all Authority meetings were held virtually, and broadcast live through our website, allowing remote access for elected members, the press and public. This enabled members to continue to provide effective oversight and scrutiny of the Service. Face to face public meetings were resumed in 2021.

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

All reports follow an agreed and structured process with a standard template that clearly identifies the rationale, risks and resources, and any key decisions. Statutory officers and technical support are present at meetings to support Members in reaching their decisions. All formal meetings are supported by a Chair's Briefing to further enhance sound decision-making. A calendar of committee meeting dates operates and is monitored for submitting, publishing and distributing timely reports.

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

## Annual Governance Statement 2021/22

There is a good history of public consultation over significant issues affecting the community and external stakeholders. Any proposals for significant change to service delivery affecting the public will be supported by a consultation process. During the early part of 2021 we consulted key stakeholders, partners and the public on a draft of our new Community Safety Plan 2021-2024. Following this consultation the new Plan was approved by the Authority in June 2021.

In quarter 4 of 2021-22 our internal auditors looked at our strategic planning and stakeholder engagement control framework to check that it is operating efficiently and effectively. They were able to provide a 'Substantial' assurance rating following their review.

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

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

Each fire and rescue authority has a statutory duty to produce a Community Risk Management Plan. We fulfil this requirement through our Community Safety Plan, where we set out the key challenges and risks facing us along with how we intend to meet and reduce them. Our Service Delivery Plan translates this through the Service, linking clear actions/projects and tasks for individual teams to key lines of enquiry, which in turn link to the key priorities via the planning, risk and performance management arrangements. Corporate plans are underpinned by the Medium Term Finance Plan (MTFP).

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

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

The capital programme directly aligns to the Community Safety Plan and is set out in our MTFP and Capital Strategy. In support of longer-term planning there are number of associated strategies in place (e.g. Asset Management Strategy, ICT Strategy).

## Annual Governance Statement 2021/22

Our new Environmental Sustainability Strategy 2021-24 was published in 2021. The strategy sets out what we plan to do over the next 3 - 5 years to further strengthen our approach to sustainability. Our strategic focus is about:

- ◆ Being efficient in our waste management
- ◆ Reducing our Co2 emissions
- ◆ Becoming more sustainable in our energy management
- ◆ Improving our estate

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

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

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

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

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

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

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

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



## Annual Governance Statement 2021/22

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

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

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

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

The Service has strengthened its approach to workforce development and reform and succession planning, with good arrangements for monitoring and managing day-to-day needs. Identifying, developing and displaying leadership is central to the approach to organisation development. Leadership Development processes were reviewed by internal audit in 2021 and they provided a 'Substantial' assurance rating.

At the request of the Authority the Local Government Association (LGA) undertook a peer review of governance arrangements in June 2019. The LGA report provided positive assurance over the Authority's governance arrangements, with just six improvement areas suggested for further consideration. These were taken forward to a Member working group, led by the Chair of the Authority, and resulted in an action plan for improvement. This action plan is now complete. The LGA report is available at:

<https://www.dwfire.org.uk/wp-content/uploads/2019/09/19-37-App-A-Report-of-the-LGA-Peer-Review.pdf>

Members and Officers regularly review, and amend as appropriate, the Scheme of Delegation, Standing Orders and Financial Regulations. These were most recently reviewed, updated and changes approved by Members in June 2021.

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

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

His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) undertook their first national inspections of the Fire and Rescue Service during 2018 and 2019. This Service was inspected in the Tranche 2 inspection round, with the findings published in July 2019. Overall, the Service was rated as "Good" in all three areas of Effectiveness, Efficiency and People. Of the 45 fire and rescue

## Annual Governance Statement 2021/22

services inspected only 10 received a minimum of three “Good” rating. A second round of inspections is now underway, although this has been delayed due to the Coronavirus pandemic. All Services in England are now being re-inspected during 2021 and 2022. Our 6-week inspection commenced on 28 February 2022 and we expect to hear the outcomes of the inspection towards the end of the year.

The Health and Safety Policy was reviewed in 2020 and this sets out the key requirements and expectations for the Service. The assurance framework checks that the Service is continuing to deliver against the commitments made in our Health and Safety Policy Statement. The Authority achieved accreditation to the new international standard for occupational health and safety, ISO 45001, in 2020. Two scheduled continual assessment visits were carried out by BSI during 2021/22 and re-confirmed our accreditation to ISO 45001. In addition, the Service monitors a suite of corporate indicators against a common performance tolerance through the Health, Safety and Welfare Committee, Strategic Leadership Team and the Finance & Audit Committee.

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

To ensure that our Community Safety Plan (that incorporates our requirement to produce a Community Risk Management Plan) remains relevant and reflective of the wider landscape in which we operate, we undertake a biennial Strategic Assessment of Risk. This assessment helps us to ensure that our decision making and planning remains focused on maximising our impacts on improving public safety, health and wellbeing. We deliver this through examining a range of key factors that impact our organisation and communities. This work allows us to see what is on the horizon and ensure that our long-term plans and strategies take this into account. This assessment aims to highlight the strategic and operational risks we face and describes how we intend to deal with them. As well as analysing our own data, our assessment is put together using a great deal of information from our partners and wider needs assessments

Risk management arrangements are integral to all aspects of the work of Members and Officers and decision-making is supported by embedded risk assessments. We have a Risk Management Procedure, aligned to the Corporate Governance Policy, and this is reviewed on a regular basis, most recently in March 2020.

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

Internal Audit reviewed our corporate performance management framework in 2021 and provided a "Substantial" assurance rating with no recommendations for improvement. In quarter 4 of 2021-22 they have also looked at our arrangements for managing critical supplies and supply chain and provided an "Adequate" assurance rating, with four minor recommendations for improvement.

## Annual Governance Statement 2021/22

The Authority has well-structured constitutional and democratic arrangements. These were confirmed by the LGA peer review that was carried out and regular reviews take place as part of the Internal Audit strategy. Scrutiny and oversight operates well, with a good and open relationship between Officers and Members.

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

A comprehensive assurance framework is in place to support the Statement of Assurance required under the Fire and Rescue Service National Framework and this Annual Governance Statement, required under the Accounts and Audit Regulations. Supplementary assurance statements in key areas of the Service support these frameworks. These arrangements have now been further strengthened, and aligned to revised and updated policy statements. In line with good governance practice, the Authority reviews its policy statements on a biennial basis, most recently in February 2022. From 2020 we have aligned the statements to the HMICFRS methodology to build the inspection process into business as usual to help reduce the burden of inspection.

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

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

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

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

The Authority has completed a self-assessment review against the newly introduced CIPFA Financial Management Code. The Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.

## Annual Governance Statement 2021/22

The Authority has arrangements in place for ensuring effective financial management is undertaken, with an overarching Financial Management Policy. There is a history of good financial management, supported by positive External Audit opinions and value for money assessments. Our assessment against the Code is that the Authority is able to demonstrate a high level of compliance in most areas, but we recognise that some further improvements can be made. The self-assessment was reviewed by the Finance and Audit Committee in March 2022.

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

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

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

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

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

The Service has an effective information governance system in place and actively manages and protects the data that it holds. The Information Governance Group is responsible for promoting information governance and security across the Service, ensuring that information risks are identified and appropriately managed. The Information Assurance & ICT Steering Board is responsible for setting the direction for ICT and Information Governance throughout the Service. Information Asset Owners are clear about their responsibilities to manage their information assets in line with national standards, internal procedures, and data protection legislation. We are effective at fulfilling our legal responsibilities under the Data Protection legislation and the Freedom of Information Act.

Cyber security risk is monitored on a monthly basis and processes are in place to keep abreast of evolving risks nationally and locally and assess what actions need to be taken to manage these. From February 2022 the Service has been accredited to the Cyber Essentials standard providing additional assurance to our partners, key stakeholders and the public that we take cyber security extremely seriously and have appropriate arrangements in place to guard against a wide range of potential cyber threats and attacks. An annual ICT Health Check is carried out to ensure that our technical arrangements are in place to protect our information assets.

## Annual Governance Statement 2021/22

### Review of Effectiveness

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

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

Changes were necessarily made to our governance arrangements in 2020 to allow the Authority and Service to continue to operate effectively during the Covid-19 pandemic. Our business continuity arrangements were put in place from February 2020 to ensure effective governance and management of our services. From June 2020 all Authority meetings were held virtually, and broadcast live through our website, allowing remote access for elected members, the press and public. This enabled members to continue to provide effective oversight and scrutiny of the Service. Face to face public meetings returned in 2021 as restrictions were gradually lifted.

HMICFRS was commissioned by the Home Secretary to carry out a Covid-19 themed inspection of all fire and rescue services in England. Each Service had a two-week inspection period between September 2020 and November 2020, where a virtual inspection was completed. The Inspectorate found that the Service had good arrangements in place, with no significant areas of concern. These arrangements remained in place during 2021/22.

Despite the challenges faced over the last 12 months, we consider that our governance framework and systems of internal control have been operating effectively during 2021/22. SWAP (South West Audit Partnership), our internal auditors, have undertaken eight reviews during 2021/22. Five reviews provided 'Substantial' assurance over the controls in place and the remaining three provided 'Adequate' assurance. SWAPs annual opinion concluded that:

*"On the balance of our 2021/22 audit work for Dorset & Wiltshire Fire and Rescue Service, enhanced by the work of external agencies, I am able to offer a Substantial Assurance opinion in respect of the areas reviewed during the year."*

Deloitte LLP, our external auditors, report regularly to the Authority via its Finance and Audit Committee, through regular progress reports and their Annual Audit Letter. They have not raised any significant concerns.

### Significant Governance Issues and Risks

## Annual Governance Statement 2021/22

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

Risks within the strategic risk register, along with any new emerging strategic risks, are reviewed on a monthly basis and managed by the Strategic Leadership Team. The Strategic Risk Register is reported to the Finance & Audit Committee at each of its meetings. The Committee monitors risks and make recommendations to the Fire Authority when necessary.

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

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

- ◆ Risk 006 - Failure to secure financial sustainability that ensures and maintains effective service provision.
- ◆ Risk 009 - Failure to have a robust and financially sustainable on-call duty system to meet the needs of the Service.
- ◆ Risk 301 - Failure to protect the Service against cyber risks.
- ◆ Risk 412 - Failure to sufficiently resource potential changes to the fire safety and building safety regimes.
- ◆ Risk 529 - Sustainability of operational training provision.
- ◆ Risk 530 - Reduction in frontline services due to the loss of staff due to industrial action.

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

Cllr Rebecca Knox  
Chair

Ben Ansell  
Chief Fire Officer  
& Chief Executive

## **Glossary of Terms**

### **Accounting Policies**

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

### **Accounting Standards**

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

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

### **Accruals**

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

### **Actuary & Actuarial Valuation**

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

### **Amortisation**

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

### **Amortised cost**

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

### **Assets**

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

### **Balance Sheet**

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



## **Glossary of Terms**

### **Baseline Funding Level**

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

### **Budget**

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

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

### **Capital Adjustment Account**

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

### **Capital Expenditure**

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

### **Capital Financing Requirement (CFR)**

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

### **Capital Programme**

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

### **Capital Receipts**

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

### **Cash equivalents**

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



## Glossary of Terms

### Cash Flow Statement

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

### CIPFA

The Chartered Institute of Public Finance and Accountancy.

### The "Code"

The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22. This prescribes the form and content of the Statement of Accounts, and is published by a joint committee of CIPFA and LASAAC (The Local Authority (Scotland) Accounts Advisory Committee). It is based on approved accounting standards and reflects specific statutory accounting requirements. Compliance with the Code is necessary in order that the Authority's Accounts give a "true and fair" view of its financial position and performance. The Statement also has to comply with any "Code Update" which may be issued after the main Code, while Note 25 refers to the impact of accounting standards which have not yet been incorporated into the Code.

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

### Comprehensive Income and Expenditure Statement

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

### Contingent assets and liabilities

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

### Council Tax

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

### Creditors

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

## Glossary of Terms

### Current Assets

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

### Debtors

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

**De minimis** - see Materiality.

### Depreciation

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

### Earmarked Reserves

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

### Fair Value

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

**Finance Lease** - See Lease.

### Financial Instruments

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

### General Fund (General Reserve)

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

### Gross Expenditure

Total expenditure before deducting income.

## Glossary of Terms

### Gross Book Value

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

### Heritage Assets

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

### Historical Cost

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

### Impairment

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

### Intangible Assets

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

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

### Inventories

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

### Lease

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

### Liabilities

Amounts owed by the Authority to lenders or suppliers.

## **Glossary of Terms**

### **Materiality and de minimis**

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

### **Minimum Revenue Provision**

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

### **Minor Capital Works**

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

### **Movement in Reserves Statement**

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

### **Net Book Value (Carrying Amount)**

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

### **National Non-Domestic Rates (NNDR)**

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

### **Net Expenditure**

Gross expenditure less income.

### **Operating Lease** - See Lease.

### **Outturn**

Actual income and expenditure for the financial year.

### **Overspending** - See Budget.

## Glossary of Terms

### Precept

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

### Private Finance Initiative

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

### Property, Plant and Equipment

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

### Provisions

Amounts set aside for any liability or loss that is likely to be incurred in a future year, but where the exact amount and date is uncertain. A provision can be set up only if a reliable estimate can be made of the amount of the obligation to pay. If there is no estimate that is reasonably reliable, there is a contingent liability and a reserve may be earmarked to cover future costs.

### Prudential Code & Prudential Indicators

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

### PWLB

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

### Reserves

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

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

## **Glossary of Terms**

### **Residual Value**

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

### **Revaluation**

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

### **Revaluation Reserve**

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

### **Revenue Account**

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

### **Revenue Expenditure**

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

### **Revenue Support Grant (RSG)**

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

### **RICS**

The Royal Institution of Chartered Surveyors.

### **Statement of Assurance**

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

### **Treasury Deposits**

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

## Glossary of Terms

### Treasury Management

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

### True and fair view

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

**Underspending** - See Budget.

### Useful Life

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

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



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



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