



## **Shropshire and Wrekin** Fire and Rescue Authority

# **Statement of Accounts**

2014/15

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# Explanatory Foreword

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## Introduction

This statement of accounts sets out the financial position of Shropshire and Wrekin Fire and Rescue Authority (the Fire Authority), for the year ended 31 March 2015. Its publication is required under the Accounts and Audit Regulations 2011.

The Statement has been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code), which specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position of a local authority.

This foreword provides the reader with

1. An understanding of the accounting statements
2. A review of the financial performance of the Authority during 2014/15
3. A summary of the Authority's financial position at the end of the year, and
4. Details of significant changes likely to affect the Authority during 2015/16.

## The Financial Statements

The core financial statements are set out on pages 36 to 40, and are supported by a Statement of Accounting Policies. Explanatory notes follow the accounting statements. The purpose of these core financial statements is given below.

**Movement in Reserves Statement** - This statement shows the movement in the year on the different reserves held by the Authority, analysed into usable reserves, which are those that can be applied to fund expenditure or reduce local taxation, and other reserves.

- The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes.
- The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

**Comprehensive Income and Expenditure Statement** - 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 to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

**Balance Sheet** - This 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. Reserves are held in two categories:

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- Usable reserves – those 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;
- Unusable reserves – those that the Authority is not able to use to provide services. These reserves hold unrealised gains and losses until assets are sold (ie Revaluation Reserve) or contain timing differences (shown in the Movement in Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations’).

**Cash Flow Statement** - This statement shows the changes in cash and cash equivalents of the Authority during the accounting 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 generating 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 (ie borrowing) to the Authority.

### Revenue Budget and Expenditure

In February 2014, Shropshire and Wrekin Fire Authority approved a revenue budget of £21.38m for 2014/15. This budget quantified the Service’s strategic and operational plans, and the further sub division into business areas also enabled individual business plans to be quantified, and achievements monitored.

The revenue budget for 2014/15 was funded as follows:

Council tax income	£13.260m
Non domestic rates from authorities	£1.395m
Business rates top up grant	£2.103m
Revenue Support Grant	£4.622m
	<b>£21.380m</b>

As in previous years, a further one off grant was offered to those authorities that froze council tax in 2014/15. After considering the effects on long term financial planning, the Fire Authority agreed to increase council tax by 1.99%, or 3p per week for a Band D household.

During 2014/15 the Fire Authority has approved net transfers to the General Fund balance of £812,000. Actual out turn on the revenue budget was £20.347m, resulting in an additional surplus of £221,000.

Some of this year’s savings represent expenditure that has slipped from 2014/15 into 2015/16, and so this will be held in the General Fund balance at the end of the year, and transferred back to the revenue account for use in 2015/16.

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<b>Slipped Expenditure</b>	<b>£'000</b>
Service Transformation Programme projects	45
<b>Total</b>	<b>45</b>

<b>Efficiencies and other variances</b>	<b>£'000</b>
Pay	-26
ICT and Communications	-75
Technical Services	-21
Financial Services	56
Human Resources and Development	-21
Income	93
Planning and Performance	71
Training and Health & Safety	88
Other savings	11
<b>Total</b>	<b>176</b>

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## Capital Expenditure

In 2014/15 the Fire Authority spent £1.13m on capital projects. These can be summarised as follows:

<b>Scheme</b>	<b>£'000</b>
Vehicles	616
Information technology and communications	172
Operational equipment and building enhancement	342
<b>Total</b>	<b>1,130</b>

Expenditure on capital projects has been funded from:

<b>Source of Funding</b>	<b>£'000</b>
Revenue balances	527
Government grant	240
Capital Reserve	363
<b>Total</b>	<b>1,130</b>

## Reserves and Provisions - Overview of the Reserves Strategy

The Fire Authority has set out its financial strategy to 2019/20 in its Medium Term Corporate Plan, and its reserves policy is an integral part of this Plan. The level of reserves that the Authority holds has been driven by the following principles:

**To fund major projects, thereby avoiding debt charges into the long term** - the Authority has used reserves successfully in recent years to fund its capital programme, most notably the fire station, workshop and headquarters in Shrewsbury. By using capital reserves to fund the refurbishment of the site, this has led to a reduction in the revenue budget of over £250,000 over a four-year period. The Capital reserves and the ICT reserve will continue to be used to fund the capital programme into the medium term, with any one-off savings identified used to replace funds.

**To fund unexpected and undetermined expenditure that cannot be met by a reducing revenue budget** - an example of this is the contributions that have been made to the Service Transformation Programme Staff Reserve, to provide staffing capacity for projects. In addition, the ICT reserve contained revenue grant paid to the Authority to fund Control Room collaboration work with Hereford and Worcester Fire Authority.

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**To support revenue expenditure and smooth out fluctuations in the revenue budget** - the Fire Authority is focussed on the deficits that it will face by 2019/20, and officers are reviewing all aspects of the revenue budget in order to meet these deficits. A number of reserves have been created to address and support some areas of the revenue budget, and reviews are currently being carried out to identify smarter use of the Authority's resources. These reserves will act as enablers to reduce the revenue budget, close the expected budget deficit modelled to 2019/20, and safeguard the service delivered to the people of Shropshire.

The Fire Authority's reserves and provisions have been reviewed, and a summary of the position on each reserve and provision is shown below.

	<b>31 March 2014 £'000</b>	<b>31 March 2015 £'000</b>
General Reserve	577	577
Pensions and Other Staff Issues Reserve	1,755	1,755
Extreme Weather Reserve	334	334
Earmarked Capital Reserve	3,160	4,673
Unearmarked Capital Reserve	1,022	1,322
Equipment Replacement Provision	105	112
ICT Reserve	1,026	1,183
Capital Grants Unapplied Reserve	1,128	1,818
Income Volatility Reserve	1,137	1,137
Service Transformation Programme Staff Reserve	275	212
Service Delivery Reserve	236	236
Training Reserve	255	255
Operational Equipment Reserve	278	105
Buildings Maintenance Reserve	408	408
General Fund Balance	1,023	1,033
<b>Total</b>	<b>12,719</b>	<b>15,160</b>

Each of the Fire Authority's reserves and provisions are explained in the Statement of Accounting Policies.

### **Local Authority Controlled Company - Shropshire Fire Risk Management Services Limited**

Shropshire Fire Risk Management Services Limited is wholly owned by Shropshire and Wrekin Fire Authority. The company began trading on 16 July 2013, and delivers a range of function related services, including fire risk management, health and safety management and training in first aid. Its accounting year end is 31 March 2015, corresponding with the Fire Authority.

The company employs no staff directly, using staff seconded from the Authority. Recharges at full cost for the trading period to 31 March 2015 totalled £72,000. In addition, contractors are employed to carry out work on behalf of the company.

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Group accounts have not been prepared because the net income, expenditure, assets and liabilities of the company do not have a material impact on the results reported. Shropshire Fire Risk Management Services Limited reported a net loss of £44,000 for the period to 31 March 2015.

In February 2014 the Fire Industry Association (FIA) submitted a complaint to the European Commission, alleging that the UK Government is in breach of European State Aid rules due to the use of the fire service 'brand'. The Fire Authority is named in the complaint and has submitted a response to DCLG. A joint response has also been co-ordinated by the Local Government Association and the Chief Fire Officers' Association.

During 2014/15, a number of fire authorities included in the FIA's complaint have agreed jointly to seek, and pay for, counsel's opinion on the matter. Officers of this Authority have not participated, primarily because they are of the view that no subsidy has been provided to the company from the Authority. The company does not use the Fire Service brand and pays for all accommodation and other resources provided by the Authority.

### **The Year Ahead**

#### **Retained Firefighters & the Part-Time Workers Regulations**

Firefighters on the Retained Duty System have successfully claimed access to the Firefighters Pension Scheme, equality on sick pay, and additional duty payments under the above regulations. In January 2006, the House of Lords granted a re-hearing at the firefighters' employment tribunal, which declared that retained firefighters were engaged in broadly similar work as wholetime firefighters.

Retained firefighters with service between 2000 and 2006 have been given access to a modified version of the 2006 Firefighters Pension Scheme, in order to buy back service. When backdated contributions have been purchased, the scheme will be revalued and the employers' contribution rate will be amended to cover the scheme deficit.

#### **Service Transformation Programme**

As part of the Fire Authority's strategic planning process, Service managers undertook a review to determine the areas of activity the Service needed to address in the short to medium term. This resulted in the development of the Service Transformation Programme, a high-level programme of activities, reviews and projects that will ensure that the Service is best placed to meet the financial challenges it is likely to be presented with over the coming years.

The structure of the programme is based upon the model used successfully to deliver the refurbishment of Shrewsbury Headquarters, Workshops and Fire Station.

The Programme is overseen by a Programme Manager, thus ensuring that a strategic overview is maintained of all projects, reviews and activities. It will be supported and delivered by a mixture of Service staff and external resources. The Programme will dovetail into the existing service / financial planning processes and will ensure that the appropriate controls are maintained throughout its lifecycle.



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## **Firefighters' Pension Scheme 2015**

The costs of public service pensions have increased by around a third, due to people living much longer, and despite recent reforms, most of these increased costs are being met by the tax payer. As a result, all public service pension schemes, including the firefighters' pension scheme, have been reformed.

The Firefighters' Pension Scheme 2015 will come into effect on 1 April 2015; apart from those with protected status, all firefighters will transfer into the scheme, and future benefits will accrue under the new scheme regulations.

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## Scope of Responsibility

Shropshire and Wrekin Fire and Rescue Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, used economically, efficiently and effectively.

The Fire Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Fire 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 Fire Authority has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government'.

A copy of the Code is on our website at:

<http://www.shropshirefire.gov.uk/sites/default/files/09-code-of-corp-gov-2014-15.pdf>

A paper copy can be obtained from the Management Support function within the Service.

This Statement explains how the Fire Authority has complied with the Code and also meets the requirements of regulation 4(3) of the Accounts and Audit Regulations 2011 in relation to the publication of an Annual Governance Statement.

## The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values, by which the Fire Authority is directed and controlled, and the activities through which it accounts to, engages with, and leads the community. It enables the Fire 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 significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all 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 Shropshire and Wrekin Fire and Rescue Authority's policies, aims and objectives, to evaluate the likelihood of those

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risks being realised and the impact, should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Shropshire and Wrekin Fire and Rescue Authority for the period of the 2014/15 accounts and up to the date of approval of the Annual Report and Statement of Accounts.

## The Governance Framework

The Fire Authority's governance framework comprises many systems, policies, procedures and operations in place to:

- identify and communicate the Authority's vision of its purpose and intended outcomes for citizens and service users;
- review the Authority's vision and its implications for the Authority's governance arrangements;
- define and document the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the Authority and partnership arrangements;
- develop, communicate and embed codes of conduct, which define the standards of behaviour for Members and staff;
- review and update standing orders, standing financial instructions, the scheme of delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
- ensure the Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact;
- undertake the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities;
- ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- ensure the Authority's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not explain why and how they deliver the same impact;
- enable whistle-blowing and the receiving and investigating of complaints from the public;
- identify the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training;
- establish clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation; and
- ensure good governance arrangements in respect of partnerships and other joint working and reflecting these in the Authority's overall governance arrangements.

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## Review of Effectiveness

The Fire 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 executive managers within the Authority, who have overall responsibility for the development and maintenance of the governance environment, as well as:

- the Treasurer;
- the Fire Authority's Monitoring Officer;
- Legal advisors to the Fire Authority;
- Internal Auditors; and
- Managers within the Fire Authority, who have day-to-day responsibility for ensuring the governance framework is functioning correctly.

Comments made by the External Auditors and other review agencies and inspectorates in their Annual Audit Letters and other reports also contribute to this review.

Throughout 2014/15, the Fire Authority has maintained, reviewed and improved its system of internal control in a number of ways. In particular:

- a) The Authority continues to monitor expenditure for all capital schemes;
- b) Ongoing review of the Authority's employment policies is undertaken and, where necessary, policies are modified or created to ensure compliance with all applicable legislation;
- c) The Service Transformation Programme which includes Integrated Risk Management Planning (IRMP) Projects and activities that Service Managers believe will deliver a sustainable service to the community into the future. Central to the Programme will be the continued investment in technology and systems to improve back-office efficiency and provide operations with technology to improve service delivery. The Programme, which dovetails into the Service's Financial and Service planning processes, will ensure that the appropriate level of control and visibility of all projects, reviews and activities are maintained throughout the lifecycle of the Programme.
- d) During the year the Authority has continued with its Public Value approach towards planning, budget and cost saving measures. The Year 4 (2014/15) Public Value initiatives have resulted in a £454,000 reduction in the Authority's budget, with minimal disruption to service delivery.
- e) The Service has continued to invest significantly in its Information and Communications Technology and command and control infrastructure.

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- f) The Fire Authority has received and/or adopted:
- Statement of Accounts 2013/14;
  - Annual Plan 2014/15;
  - Public Value Year 4 2014/15 outcomes;
  - Annual Audit Letter 2013/14;
  - Budget Monitoring reports;
  - Public Value Measure Performance reports;
  - Periodic performance reports; and
  - The Medium Term Corporate Plan, strategy and budget.
- g) The Fire Authority's Service Management Team of officers carries out a continuous assessment of the implementation of policies and procedures throughout the organisation, including following up on progress made towards last year's Improvement Plan.
- h) Internal audits have been undertaken with a number of planned reviews of systems and internal control procedures across a range of functions in the Fire Authority. Each review contains an opinion on the internal controls in place and any weaknesses result in recommendations for improvement, which are implemented by management. Progress against these recommendations is monitored by the Risk Management Group, with regular reports to the Service Management Team and to the Audit and Performance Management Committee.
- i) Audits completed by Internal Audit during 2014/15 related to:
- Corporate Governance
  - Technical Services Assets – Fire Hydrants
  - Risk Management
  - Payroll
  - Anti-Fraud, Bribery and Corruption Strategy
  - IT Audit Follow Up Review
  - Banking Arrangements
  - Insurance
  - Purchase and Procurement
  - Previous Recommendation Follow Up

On the basis of the work undertaken and management responses received, the Authority's financial systems, internal control environment and risk management procedures are sound and working effectively and the Audit Service Manager is able to deliver a positive year-end opinion on the Authority's internal control environment for 2014/15.

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Internal Audit will be conducting audits into the following areas during 2015/16:

- Corporate Governance
- Payroll System
- Budget Preparation and Control
- Fire Fighter Pension Account
- Income Collection and Debtors
- Capital Budgeting and Accounting
- Computer Services
- Risk Management
- Purchasing and Procurement
- Travel and subsistence
- Fraud and Corruption
- Previous recommendation follow up

## **The Role of the Chief Financial Officer**

The Authority is compliant with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

A Service Level Agreement has been put in place between Shropshire Council and Shropshire and Wrekin Fire and Rescue Authority, for the provision of financial advice and representation.

Shropshire Council's Head of Finance, Governance and Assurance, acts as Treasurer to Shropshire and Wrekin Fire and Rescue Authority to ensure the sound administration of the financial affairs of the Authority, as required by the statutory duties associated with section 151 of the Local Government Act 1972, the Local Government Finance Act 1988 and the Accounts and Audit Regulations 2011.

The Chief Financial Officer's role is discharged through:

- Provision of advice and support on application of accounting policies and procedures and adherence to International Financial Reporting Standards.
- Attendance by the Treasurer or nominated representative at the following statutory meetings held with Fire Authority Members:
  - Meetings of the Fire and Rescue Authority;
  - Meetings of the Strategy and Resources Committee; and
  - Meetings of the Audit and Performance Management Committee.
- Regular Chair's briefings and internal meetings, as well as regular liaison with the internal Head of Finance (Deputy Section 151 Officer), and the internal Fire Authority Finance Team.

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In addition to the provision of section 151 duties, Shropshire Council provides access to a number of services; for example the Fire Authority's Finance Team will have direct access to the Council's Financial Forward Planning Team, and can provide resilience and development through staff rotation and secondments.

The Council endeavours to consult with the Fire Authority on any key or principal decisions, outside the formal services agreed within the service level agreement.

## Significant Internal Control Issues

No significant issues were raised in the External Auditor's Annual Audit Letter 2013/14. The relatively minor points arising from these reviews are being used to enhance the existing system of controls.

The Fire Authority undertook a review of its systems of internal control, which underpin its governance framework, during March 2015. An Annual Governance Statement (AGS) Improvement Plan 2015/16 has been produced, based on the findings from this process. Progress made against the Plan will be monitored by the Risk Management Group, with quarterly progress reports to the Fire Authority's Audit and Performance Management Committee and the Service's Service Management Team.

A summary of the areas for further development, contained in the AGS Improvement Plan 2015/16, is given overleaf:

## Service Transformation Programme

The Programme has been updated, extended up to 2020 and now includes IRMP activities. The Programme forms the basis of the 5 year action plan which is contained within the recently published 2015-2020 Service Plan.

An annual benefits review will be presented to the APMC and progress on the three main IRMP workstreams will be reported to CFA in October 2015.

## Information and Communications Technology (ICT)

The Command and Control system (C&C) still uses analogue communications which is aging technology that has become difficult to support and obtain spares, and is increasingly unreliable. With the new WAN in place and the rebuilt C&C it is now possible to move to digital communications.

Asset management of personally allocated equipment is required and will be achieved by the improved use of mobile device management software, a change in policy and procedures, and better utilisation of information systems.

Experiences of introducing the first phase of Service Transformation will shape how the Service adopts new technology and systems throughout the organisation going forward. This will include SMT training and planning days and the introduction of a new role for implementing change across the Service.

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## Health and Safety Management

Address the inability to electronically record, monitor and audit:

- EIDR's
- On station trainers' reviews
- Training and Assurance Centre Instructors' reviews

## Operations

The process required to ensure our fireground information is maintained in a format that is accessible, timely and accurate is outdated and needs replacing to ensure it takes advantage of the changes being made nationally.

## Payroll Systems Review

Review current internal payroll processes, identify improvements and implement. Continue to develop ResourceLink to improve efficiency. Review current processes/communications links between the Service and payroll provider to generate further improvements.

## Operational Assurance Peer Review Outcomes.

New guidance has been issued. Officers are currently reviewing the guidance with a view to undertaking a self-assessment and peer review early next year.

Signed:

Cllr Dr Jean Jones  
Chair of Audit and  
Performance Management  
Committee

John Redmond  
Chief Fire Officer

James Walton  
Treasurer



# Statement of Responsibilities

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## The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice') is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year (ended 31 March 2015).

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 Code of Practice and current regulations.

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.

## Certificate of the Treasurer

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Authority at the reporting date and of its income and expenditure for the year ended 31 March 2015.



**TREASURER**

**Dated: 30/06/2015**

## The Authority's Responsibilities

The Authority is required:

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

## Approved by the Authority

The Statement of Accounts was approved at a meeting of the Audit and Performance Management Committee on xx September 2015.

**Chair of the Audit and Performance Committee**

**Dated: xx/09/15**

## **Statement of Responsibilities**

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\*A signed copy of the statement is held at Brigade Headquarters

# Audit Certificate

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*Updated auditors report for 1415 to be inserted*

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHROPSHIRE AND WREKIN FIRE AND RESCUE AUTHORITY**

### **Opinion on the Authority financial statements**

We have audited the financial statements of Shropshire and Wrekin Fire and Rescue Authority for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes 1 to 5. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of Shropshire and Wrekin Fire and Rescue Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Treasurer and auditor**

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially

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inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of Shropshire and Wrekin Fire and Rescue Authority as at 31 March 2015 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 2014/15 and applicable law.

## **Opinion on other matters**

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which we report by exception**

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

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

### **Respective responsibilities of the Authority and the auditor**

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

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

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

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

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness. The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015. We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

## Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects, Shropshire and Wrekin Fire and Rescue Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

## Certificate

We certify that we have completed the audit of the financial statements of Shropshire and Wrekin Fire and Rescue Authority in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

XXXXXXXXXXXXXXXXXXXX

Director

for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Colmore Plaza

20 Colmore Circus

Birmingham

B4 6AT

xx September 2015

# Statement of Accounting Policies

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## 1 General Principles

The Statement of Accounts summarises the Fire Authority's transactions for the 2014/15 financial year and its position at the year end of 31 March 2015. The Fire Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, which require the statement to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Accounting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

## 2 Accruals of Expenditure and Income

Activity is accounted for in the year it takes place, not simply when cash payments are made or received. In particular:

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

## 3 Prior Period Adjustments, Changes in Accounting Policies and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions of the Fire Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

# Statement of Accounting Policies

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Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## **4 Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Fire Authority's cash management.

## **5 Provisions**

Provisions are made when an event has taken place that gives the Fire Authority an obligation that probably requires payment, but where the timing of the payment is uncertain. Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Fire Authority becomes aware of the obligation, based on the best estimate of the likely payment. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of the financial year, and where it is likely that payment does not need to be made, the provision is reversed and credited back to the relevant service.

The Fire Authority holds an Equipment Replacement Provision, which is designed to smooth expenditure on operational equipment currently charged to the Comprehensive Income and Expenditure Statement. A detailed equipment replacement programme establishes contributions into the provision, and this will lead to successful replacement planning in the medium term.

## **6 Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Fire 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 Fire 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.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the financial statements.

# Statement of Accounting Policies

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## 7 Reserves

The Fire Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in that year, to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so there is no net charge against council tax for the expenditure.

The Authority holds the following reserves:

- **General Reserve** – A risk assessment of the pressures likely to face the Authority is undertaken, and the current balance on this reserve represents those identified risks, in proportion to the probability of their occurrence.
- **Pensions and Other Issues Reserve** – set up as a result of the introduction of the new Firefighters Pension Scheme on 1 April 2006, the original reserve was required to pay for unexpected sickness retirements and other payments, which remain the responsibility of the Authority's revenue account. In 2008/09, the reserve was expanded to cover other staff matters, including the costs following the Retained Firefighters & Part Time Regulations Tribunal.
- **Extreme Weather Reserve** – costs for incidents attended by retained firefighters have now been budgeted for at average levels in the revenue account; this reserve will cover the costs of increased activity incurred as a result of adverse weather conditions.
- **Capital Reserve – Unearmarked** – this reserve is made up of budgeted contributions and unspent balances from previous years. It was used to part fund the Authority's refurbishment of the headquarters, workshop and fire station at Shrewsbury, with the balance remaining to be used against future major building projects, notably the Stafford Park site in Telford.
- **Capital Reserve – Earmarked** – this reserve is used to fund small capital projects, therefore reducing the need to borrow.
- **ICT Reserve** - this reserve was established using unspent balances from 2010/11 and approved budgets for ICT projects. It is intended that this reserve will be used to manage information technology and communications issues as they arise, and ensure a consistent and managed approach to ICT investment. The reserve also contained revenue grant provided to the Authority by government for changes to Control Rooms, which has been released in 2014/15.



## Statement of Accounting Policies

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- **Capital Grants Unapplied Reserve** – this reserve holds grants and contributions paid to the Fire Authority, for which conditions for use have not been met, or expenditure has not been incurred
- **Service Transformation Programme (STP) Staff Reserve** – the STP is a high level programme of activities, which will be completed to ensure that the Service is best placed to meet the challenges it is likely to face over the coming years. Funding for projects identified as part of the programme have been taken into account in the revenue budget and the capital programme. This reserve was set up to cover the staff elements of the projects.
- **Income Volatility Reserve** – A number of changes were introduced in 2013/14 which affected the way in which the Fire Authority is funded, and the levels of funding that will be achieved. This reserve was set up to smooth any volatility or fluctuations in the funding received against estimates in the Medium Term Corporate Plan.
- **Service Delivery Reserve** – this reserve was set up to fund initiatives in service delivery and prevention.
- **Training Reserve** - there have been, and will continue to be, changes in the management structure of the Service, which will inevitably require additional training and development of staff over the next three years and beyond. This reserve was created to enable this training and development to be carried out, without adding additional pressure to the revenue budget.
- **Operational Equipment Reserve** - this reserve was established to help provide some stability in this area of the revenue budget. Where a need for new equipment is identified, contributions can be made from the reserve, and any ongoing requirements for the equipment can be established.
- **Building Maintenance Reserve** - The revenue budget in this area is used to fund preventative or controlled maintenance in line with the Authority's Asset Management Plan, and also covers unexpected reactive maintenance. This reserve was created to deal with exceptional, unexpected repairs that do not require a regular revenue budget.

Certain reserves are kept to manage the accounting processes for Property Plant and Equipment and do not represent usable resources for the Authority:

- **Revaluation Reserve** – this replaced the Fixed Asset Replacement Account (FARA), and represents net gains on assets that have been revalued after 1 April 2007.

# Statement of Accounting Policies

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- **Capital Adjustment Account** – the opening balance on this account was created from the balances on the FARA and the Capital Financing Account. It reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.

## 8 Employee Benefits

### **Benefits Payable During Employment**

Short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave, paid sick leave and non monetary benefits such as cars, and are recognised as an expense for services in the year in which employees render service to the Fire Authority.

An accrual is made for the cost of the holiday entitlements earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movements in Reserves Statement so that holiday benefits are charged to revenue in the year in which the holiday absence occurs.

The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit.

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision made by the Authority to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy, and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

### **Post Employment Benefits**

Employees of the Fire Authority are members of three separate pension schemes:

#### **Firefighters Pension Scheme**

On 1 April 2006, new financial arrangements were introduced for both the 1992 and the newly established 2006 Pension Firefighter Pension Schemes. Both schemes are unfunded, defined benefit schemes, and are regulated by the Department for Communities and Local Government (DCLG). Contributions to the schemes are made by firefighters and employers, which are paid into a separate Pension Fund Account, from which most commutations and pension payments are made. Any deficit on this account will be met by DCLG, and any surplus at the end of the year must be paid back to DCLG.

## Statement of Accounting Policies

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The introduction of the 2006 scheme enables firefighters on the Retained Duty System to contribute to a pension scheme, although those who choose not to join will still be eligible to receive a payment following an injury whilst on duty.

**Local Government Pension Scheme** – non operational staff are eligible for membership of the Shropshire County Pension Fund, which is administered by Shropshire Council. The pension costs charged to the Authority's accounts in respect of support staff are equal to the contributions paid to the funded scheme for those employees. The amount of these contributions is determined by regular actuarial valuations. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Shropshire County Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate detailed in note 14 of the accounts (based on the indicative rate of return on high quality corporate bonds).
- The assets of Shropshire County Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unlisted securities – current bid price
  - property – market value.

### Accounting for Pensions

The change in the net pensions liability is analysed into the following components:

- **Current service cost** – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
- **Past service cost** – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributable Costs.
- **Net Interest on the defined liability (asset)** – ie net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the

## Statement of Accounting Policies

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Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- **Remeasurements** comprising:
  - The return on plan assets – excluding amounts included in net interest on the defined benefit liability (asset) – charged to the Pensions Reserve.
  - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve.
- **Contributions paid to the pension funds** – cash paid as employer's contributions to the pension schemes.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension schemes in the year, not the amount calculated according to the relevant accounting standard. In the Movement in Reserves Statement, this means there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension schemes and any amounts payable to schemes but unpaid at the year end.

The negative balances that arise on the Pension Reserves thereby measure the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

### 9 VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid recoverable from it.

### 10 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2014/15 (SERCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of :

- Corporate and Democratic Core – costs relating to the Authority's status

# Statement of Accounting Policies

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as a single function democratic organisation.

- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early.

These two cost categories are defined in SERCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Cost of Services – Continuing Operations.

## 11 Intangible Assets

Expenditure on non monetary assets that do not have physical substance but are controlled by the Fire Authority as a result of past events (i.e. software licences) is capitalised when it is expected future economic benefits or service potential will flow from the intangible asset to the Fire Authority.

## 12 Property Plant and Equipment

Assets that have physical substance are held for use in the production or supply of goods or services, for rental to others, or administration purposes and that are expected to be used during more than one financial year are classified as Property Plant and Equipment.

### Recognition

Expenditure on the acquisition, creation or enhancement of Property Plant and Equipment is capitalised on an accruals basis, provided it is probable that the future economic benefits or service potential associated with the item will flow to the Fire Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred.

The de minimis level for Property Plant and Equipment is £10,000.

### Measurement

Property Plant and Equipment is valued on the bases recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS).

Operational properties and other operational assets are carried in the Balance Sheet using the following measurement bases:

- Depreciated Replacement Cost (DRC) for specialised properties
- Open Market Value (OMV) for non specialised properties.

There are no holdings of non operational assets or community assets, with all fire stations and Service Headquarters and workshops being classified as operational assets.

# Statement of Accounting Policies

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## Valuation

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every five years. Items within a class of Property Plant and Equipment are revalued simultaneously to avoid selective revaluation of assets and the reporting of amounts in the financial statements that are a mixture of costs and values as at different dates.

The fair value of land and buildings is determined by appraisal of appropriate evidence, that is normally undertaken by professionally qualified valuers, who:

- Hold a recognised and relevant professional qualification
- Have sufficient current local and national knowledge of the market, and
- Have the skills and understanding to undertake the valuations competently.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the revaluation gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

## Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

## Statement of Accounting Policies

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- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve, or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### **Depreciation**

Depreciation is provided for on all Property Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives.

An exception is made for assets without a determinable finite useful life (ie freehold land) and assets that are not yet available for use (ie assets under construction).

Depreciation is provided on the following bases:

- Fire stations and other buildings – straight line allocation over the life of the property as estimated by the valuer.
- Vehicles, plant and equipment – straight line allocation over the life of the asset, as advised by a suitably qualified officer.

Where an item of Property Plant and Equipment has major components whose value makes up more than 25% of the total asset value, the components are depreciated separately.

Currently there are no components of any asset that are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### **Disposal**

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against

## Statement of Accounting Policies

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the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts must be credited to the Capital Receipts Reserve and can only be used for new capital investment. Receipts are appropriated to the Reserve from the General Funds Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against council tax, as the cost of non current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### **Charges to Revenue for Non Current Assets**

Services are debited with the following amounts to record the cost of holding non current assets during the year:

- Depreciation attributable to the assets used by each service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the loss can be written off
- Amortisation of intangible fixed assets attributable to the service.

The Fire Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, equal to an amount calculated on a prudent basis determined by the Fire Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution of MRP (Minimum Revenue Provision) in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 came into effect on 31 March 2008. These regulations updated the requirement to make provision for the repayment of debt (MRP).

From 2008/09, the following policy has been adopted:

- For all borrowing incurred during or before 2006/07, the MRP applied is calculated on the basis of 4% of the Capital Financing Requirement (CFR). A further voluntary provision of 4% is made for all assets other than land and buildings.



## Statement of Accounting Policies

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- For all borrowing incurred during and after 2007/08, the MRP applied from 2008/09 is calculated on the basis of the Asset Life Method. This method has been selected because it charges the financing costs of assets over the lives of those assets in equal instalments each year, and follows the same principles made by the Authority from 2006/07.

### **Heritage Assets**

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental and historical associations. They include historical buildings, civic regalia, orders and decorations (medals), military equipment of scientific interest, and works of art. Authorities are required to account for tangible heritage assets in accordance with FRS 30 Heritage Assets.

Heritage assets are recognised and measured in accordance with the Fire Authority's policies on Property Plant and Equipment. However, where information on cost or value is not available, and the cost of obtaining the information outweighs the benefits to the users of the financial statements, the Code does not require that the asset is recognised on the Balance Sheet.

## **13 Leases**

### **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.

Non current assets recognised under finance leases are accounted for using the policies applied generally to Property Plant and Equipment, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

Plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at the present value of the minimum lease payments. The asset recognised is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the Plant and Equipment, applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The Authority is not required to raise council tax to cover depreciation or

# Statement of Accounting Policies

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revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement on Reserves Statement for the difference between the two.

## **Operating Leases**

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals paid are charged to the relevant service line in the Comprehensive Income and Expenditure Statement on a straight line basis over the term of the lease, generally meaning rentals are charged when they become payable.

## **14 Financial Assets**

The Authority has financial assets which are classified in the Code as loans and receivables, which are assets that have fixed or determinable payments but are not quoted in an active market. They are initially measured at fair value and carried at their amortised cost in the Balance Sheet. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the Authority's loans, this means the amount presented in the Balance Sheet is the outstanding principal receivable and the interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

## **15 Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Fire Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For all of the borrowings the Fire Authority has, this means the amount presented in the Balance Sheet is the outstanding principal repayable, and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

## **16 Inventories**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value, on a first in first out basis. Obsolescent inventory is written off during the year.

# Statement of Accounting Policies

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## 17 Investments

The CIPFA Code of Practice for Treasury Management in Local Authorities, which governs the way in which surplus cash is invested, has been adopted. The Authority's surplus cash is invested with other local authorities, approved banks and building societies, as authorised in the Authority's Treasury Policy Statement.

Investments that mature in no more than three months from the date of acquisition, and that are readily convertible to known amounts with insignificant risk of a change in value, are categorised as cash equivalents in the financial statements.

## 18 Government Grants

Whether paid on account, by instalments or in arrears, government grants are recognised as due to the Fire Authority when there is reasonable assurance that:

- The Fire Authority will comply with the conditions attached to the payments, and
- The grant will be received.

Amounts recognised as due to the Fire Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant have been satisfied. Conditions are stipulations that specify the future economic benefits or service potential embodied in the asset acquired using the grant are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant is credited to the relevant service line (attributable revenue grants), or Taxation and Non Specific Grants Income (non ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where revenue grants and contributions have been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant recognised as income is transferred to an earmarked reserve. This transfer is recognised in the Movement in Reserves Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied

## **Statement of Accounting Policies**

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Reserve. Where it has been applied, it is posted to the Capital Adjustments Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### **19 Exceptional Items**

Where items of income or expenditure are material, their nature and amount is disclosed separately either on the face of the Comprehensive Income and Expenditure Statement, or in the notes to the financial statements.

### **20 Events after the Reporting Period**

Events may occur between the financial year end and the date that the Statement of Accounts is authorised for issue. Any such events occurring after the Balance Sheet date are properly reflected in the Statement of Accounts up to the date that they are authorised.

# Core Financial Statements

## Movement in Reserves Statement

	General Fund Balance	Ear-marked Reserves	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2014</b>	<b>1,023</b>	<b>10,463</b>	<b>1,128</b>	<b>12,614</b>	<b>-132,136</b>	<b>-119,522</b>
<b>Movement in reserves during 2014/15</b>						
Surplus or -deficit on the provision of services	-2,501		0	-2,501	0	-2,501
Other Comprehensive Income and Expenditure	0		0	0	-18,406	-18,406
<b>Total Comprehensive Income and Expenditure</b>	<b>-2,501</b>		<b>0</b>	<b>-2,501</b>	<b>-18,406</b>	<b>-20,907</b>
Adjustments between accounting basis & funding basis under regulations (note 3)	4,935		0	4,935	-4,935	0
<b>Net Increase/-Decrease before Transfers to Earmarked Reserves</b>	<b>2,434</b>		<b>0</b>	<b>2,434</b>	<b>-23,341</b>	<b>-20,907</b>
Transfers to/from Earmarked Reserves	-2,424	1,734	690	0	0	0
<b>Increase/-Decrease in 2014/15</b>	<b>10</b>	<b>1,734</b>	<b>690</b>	<b>2,434</b>	<b>-23,341</b>	<b>-20,907</b>
<b>Balance as at 31 March 2015 cfwd</b>	<b>1,033</b>	<b>12,197</b>	<b>1,818</b>	<b>15,048</b>	<b>-155,477</b>	<b>-140,429</b>

Note 24

Note 25

Note 23

# Core Financial Statements

## Movement in Reserves Statement

	Restated General Fund Balance	Ear- marked Reserves	Capital Grants Unapplied Account	Total Usable Reserves	Restated Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2013</b>	<b>1,506</b>	<b>7,385</b>	<b>803</b>	<b>9,694</b>	<b>-132,855</b>	<b>-123,161</b>
<b>Movement in reserves during 2013/14</b>						
Surplus or -deficit on the provision of services	-1,548	0	0	-1,548	0	-1,548
Other Comprehensive Income and Expenditure	0	0	0	0	5,187	5,187
<b>Total Comprehensive Income and Expenditure</b>	<b>-1,548</b>	<b>0</b>	<b>0</b>	<b>-1,548</b>	<b>5,187</b>	<b>3,639</b>
Adjustments between accounting basis & funding basis under regulations (note 3)	4,468	0	0	4,468	-4,468	0
<b>Net Increase/-Decrease before Transfers to Earmarked Reserves</b>	<b>2,920</b>	<b>0</b>	<b>0</b>	<b>2,920</b>	<b>719</b>	<b>3,639</b>
Transfers to/from Earmarked Reserves	-3,403	3,078	325	0	0	0
<b>Increase/-Decrease in 2013/14</b>	<b>-483</b>	<b>3,078</b>	<b>325</b>	<b>2,920</b>	<b>719</b>	<b>3,639</b>
<b>Balance as at 31 March 2014 cfwd</b>	<b>1,023</b>	<b>10,463</b>	<b>1,128</b>	<b>12,614</b>	<b>-132,136</b>	<b>-119,522</b>

Note 24

Note 25

Note 23

# Core Financial Statements

## Comprehensive Income and Expenditure Statement

2013/14				2014/15		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
1,605	15	1,590	<b>Expenditure</b>			
15,620	161	15,459	Community fire safety	1,474	11	1,463
65	1	64	Firefighting and rescue operations	16,581	122	16,459
			Emergency planning and civil defence	54	0	54
			<b>Corporate and Democratic Core</b>			
261	0	261	Democratic representation and management	263	0	263
169	0	169	Corporate management	177	0	177
20		20	Non Distributed Costs	20	0	20
<b>17,740</b>	<b>177</b>	<b>17,563</b>	<b>Cost of Services – continuing operations</b>	<b>18,569</b>	<b>133</b>	<b>18,436</b>
		263	Interest payable and similar charges			262
		-46	Interest and investment income			-65
		6,307	Pensions interest cost and return on pensions assets (note 13)			6,450
		<b>6,524</b>	<b>Financing and Investment Income and Expenditure (note 5)</b>			<b>6,647</b>
		-12,887	Precepts (note 5)			-13,496
		-9,652	Government Grants (note 5)			-9,086
		<b>-22,539</b>	<b>Taxation and Non Specific Grant Income (note 5)</b>			<b>-22,582</b>
		<b>1,548</b>	<b>Surplus(-)/ Deficit on Provision of Services</b>			<b>2,501</b>
		0	Surplus arising on the revaluation of property plant and equipment			-7,514
		-5,187	Actuarial gains (-) / losses on pension fund assets and liabilities (note 13)			25,920
		<b>-5,187</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>18,406</b>
		<b>-3,639</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>20,907</b>

# Core Financial Statements

## Balance Sheet

31 March 2014 £'000		Notes	31 March 2015 £'000
	<b>Property Plant and Equipment</b>		
12,910	Land and Buildings	15	19,983
5,108	Vehicles Plant Furniture and Equipment	15	4,998
<b>18,018</b>	<b>Total Long Term Assets</b>		<b>24,981</b>
109	Inventories	17	162
2,969	Short Term Debtors	18	2,759
12,647	Cash and Cash Equivalent	19	16,212
<b>15,725</b>	<b>Total Current Assets</b>		<b>19,133</b>
-1,771	Short Term Creditors	20	-2,237
0	Short Term Borrowing	16	-112
<b>-1,771</b>	<b>Current Liabilities</b>		<b>-2,349</b>
-105	Provisions	21	-112
-5,810	Long Term Borrowing	16	-5,698
-145,551	Pension Liability	13	-176,371
-28	Other Long Term Liabilities	12	-13
<b>-151,494</b>	<b>Long Term Liabilities</b>		<b>-182,194</b>
<b>-119,522</b>	<b>Net Liabilities</b>		<b>-140,429</b>
	<b>Usable Reserves</b>		
1,023	General Fund		1,033
577	General Reserve	22 & 24	577
1,022	Unearmarked Capital Reserve	22 & 24	1,322
3,160	Earmarked Capital Reserve	22 & 24	4,673
334	Extreme Weather Reserve	22 & 24	334
1,755	Pensions and Other Staff Issues Reserve	22 & 24	1,755
1,026	ICT Reserve	22 & 24	1,183
236	Service Delivery Reserve	22 & 24	236
1,137	Income Volatility Reserve	22 & 24	1,137
275	STP Staff Reserve	22 & 24	212
1,128	Unapplied Capital Grants Reserve	22 & 24	1,818
255	Training Reserve	22 & 24	255
278	Operational Equipment Reserve	22 & 24	105
408	Building Maintenance Reserve	22 & 24	408
	<b>Unusable Reserves</b>		
1,287	Revaluation Reserve	23	8,747
11,989	Capital Adjustment Account	23	11,785
-141,826	Fire Pensions Reserve	13 & 23	-170,473
-3,725	LGPS Pensions Reserve	13 & 23	-5,898
282	Collection Fund Adjustment Account	23	482
-143	Accumulated Absences Account	23	-120
<b>-119,522</b>	<b>Total Reserves</b>		<b>-140,429</b>

*These financial statements replace the unaudited financial statements certified by the Treasurer on 30 June 2015*



## Core Financial Statements

### Cash Flow Statement

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2013/14 £'000		2014/15 £'000
1,548	Net (surplus) or deficit on the provision of services	2,501
-4,652	Adjustments to net surplus or deficit on the provision of services for non cash movements (see Note 30)	-7,196
-217	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (see Note 27)	-197
-3,321	Net cash flows from operating activities	-4,892
1,180	Investing Activities (see Note 28)	1,130
217	Financing Activities (see Note 29)	197
-1,924	Net increase or decrease in cash and cash equivalents	-3,565
-10,723	Cash and cash equivalents at the beginning of the period	-12,647
<b>-12,647</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>-16,212</b>

# Notes to the Core Financial Statements

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## 1. ACCOUNTING POLICIES

The following accounting policies are relevant to an understanding of the financial statements, and have been applied during their preparation:

Accruals of expenditure and income  
Cash and cash equivalents  
Provisions  
Reserves  
Employee benefits  
Overheads and support services  
Property Plant and Equipment  
Leases  
Financial Liabilities  
Inventories  
Investments  
Government Grants

### **Accounting standards that have been issued but have not yet been adopted**

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Authority.

Accounting standards introduced by the 2015/16 code include:

IFRS13 - Fair Value Measurement  
Annual Improvements to IFRSs 2011-2013 Cycle

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

## 2. ASSUMPTIONS MADE ABOUT THE FUTURE, OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGEMENTS

The Statement of Accounts contains estimated figures based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors.

### **Pensions Liability**

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. A firm of actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.

In applying the accounting policies set out in note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

# Notes to the Core Financial Statements

## Future Levels of Funding

There is a high level of uncertainty about future levels of funding for local government. 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 fire stations and reduce levels of service delivery.

## 3. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2014/15	General Fund Balance	Movement in Unusable Reserves
	£'000	£'000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>		
<b>Reversal of items debited or credited to the Comp I&amp;E Statement:</b>		
Charges for depreciation of non current assets	-1,289	1,289
Revaluation losses on Property Plant and Equipment	-391	391
Capital grants and contributions applied	240	-240
<b>Insertion of items not debited or credited to the Comp I&amp;E Statement:</b>		
Statutory provision for the financing of capital investment	292	-292
Capital expenditure charged against the General Fund Balance	889	-889
<b>Adjustments primarily involving the Pensions Reserves:</b>		
Reversal of items relating to retirement benefits debited or credited to the Comp I&E Statement	-9,824	9,824
Employer's pensions contributions and direct payments to pensioners payable in the year	4,925	-4,925
<b>Adjustment primarily involving the Collection Fund Adjustment Account:</b>		
Amount by which council tax income credited to the Comp I&E Statement is different from council tax calculated for the year in accordance with statutory requirements	200	-200
<b>Adjustment primarily involving the Accumulated Absences Account:</b>		
Amount by which officer remuneration charged to the Comp I&E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	23	-23
<b>Total Adjustments</b>	<b>-4,935</b>	<b>4,935</b>

## Notes to the Core Financial Statements

Comparative figures for 2013/14	General Fund Balance	Movement in Unusable Reserves
	£'000	£'000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>		
<b>Reversal of items debited or credited to the Comp I&amp;E Statement:</b>		
Charges for depreciation of non current assets	-1,349	1,349
Revaluation losses on Property Plant and Equipment	43	-43
Capital grants and contributions applied	605	-605
<b>Insertion of items not debited or credited to the Comp I&amp;E Statement:</b>		
Statutory provision for the financing of capital investment	300	-300
Capital expenditure charged against the General Fund Balance	575	-575
<b>Adjustments primarily involving the Pensions Reserves:</b>		
Reversal of items relating to retirement benefits debited or credited to the Comp I&E Statement	-10,156	10,156
Employer's pensions contributions and direct payments to pensioners payable in the year	5,384	-5,384
<b>Adjustment primarily involving the Collection Fund Adjustment Account:</b>		
Amount by which council tax income credited to the Comp I&E Statement is different from council tax calculated for the year in accordance with statutory requirements	151	-151
<b>Adjustment primarily involving the Accumulated Absences Account:</b>		
Amount by which officer remuneration charged to the Comp I&E Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-21	21
<b>Total Adjustments</b>	<b>-4,468</b>	<b>4,468</b>

# Notes to the Core Financial Statements

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## 4. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2014/15 £'000	2013/14 £'000
Interest payable and similar charges	262	263
Pensions interest cost and expected return on pensions assets	6,450	6,307
Interest receivable and similar income	-65	-46
<b>Total</b>	<b>6,647</b>	<b>6,524</b>

## 5. TAXATION AND NON SPECIFIC GRANT INCOME

	2014/15 £'000	2013/14 £'000
Council tax income	-13,496	-12,887
Non domestic rates	-3,462	-3,422
*Non ringfenced government grants	-4,694	-5,300
*Capital grants and contributions	-930	-930
<b>Total</b>	<b>-22,582</b>	<b>-22,539</b>

\*see also note 10

## 6. MEMBERS' ALLOWANCES

The Authority paid the following amounts to members of the Authority during the year.

	2014/15 £'000	2013/14 £'000
Allowances	71	70
Expenses	4	3
<b>Total</b>	<b>75</b>	<b>73</b>

## Notes to the Core Financial Statements

2014/15	Basic Allowance £	Special Allowance £	Expenses £	Total £
M Price	2,658	1,000	164	3,822
C Mellings	2,658	0	143	2,801
N Hartin	2,658	3,000	641	6,299
K Austin	2,236	0	0	2,236
R Picken	422	0	0	422
D Minnery	2,658	5,000	0	7,658
S West	2,658	10,000	611	13,269
J Hurst Knight	2,658	0	283	2,941
J Jones	2,658	2,658	472	5,788
T Kiernan	2,658	0	82	2,740
P Adams	2,658	0	17	2,675
J Barrow	2,658	1,000	563	4,221
K Roberts	622	0	0	622
M Bennett	2,029	0	0	2,029
E Carter	2,658	1,000	491	4,149
J Thompson	2,658	1,000	0	3,658
F Bould	2,658	0	30	2,688
G Reynolds	2,658	0	157	2,815
P Cherrington	786	0	0	786
P Wynn	1,879	707	36	2,622
<b>Total</b>	<b>45,186</b>	<b>25,365</b>	<b>3,690</b>	<b>74,241</b>

2013/14	Basic Allowance £	Special Allowance £	Expenses £	Total £
M Price	2,658	1,000	121	3,779
C Mellings	2,658	0	144	2,802
N Hartin	2,658	2,697	404	5,759
K Blundell	386	0	14	400
R Picken	2,279	0	44	2,323
D Minnery	2,658	5,000	56	7,714
S West	2,658	10,000	898	13,556
J Hurst Knight	2,658	0	150	2,808
J Jones	2,658	2,658	363	5,679
T Kiernan	2,658	0	37	2,695
P Adams	2,658	0	42	2,700

## Notes to the Core Financial Statements

2013/14	Basic Allowance £	Special Allowance £	Expenses £	Total £
J Barrow	2,658	1,000	578	4,236
K Roberts	336	0	0	336
M Bennett	2,658	0	0	2,658
E Carter	2,658	726	329	3,713
J Thompson	2,658	726	0	3,384
F Bould	2,658	277	0	2,935
G Reynolds	2,658	0	105	2,763
P Cherrington	2,329	0	104	2,433
<b>Total</b>	<b>45,200</b>	<b>24,084</b>	<b>3,389</b>	<b>72,673</b>

### 7. OFFICERS REMUNERATION

The number of employees whose remuneration, excluding pension contributions was £50,000 or more in bands of £5,000 were:

Remuneration band	Number of Employees	
	2014/2015	2013/2014
£50,000 - £54,999	8	5
£55,000 - £59,999	5	5
£60,000 - £64,999	2	3
£65,000 - £69,999	3	3
£70,000 - £74,999	0	0
£75,000 - £79,999	1	0
£80,000 - £84,999	0	1
£85,000 - £89,999	0	0
£90,000 - £94,999	1	0
£95,000 - £99,999	0	0
100,000 - £104,999	0	0
£105,000 - £109,999	0	0
£110,000 - £114,999	0	0
£115,000 - £119,999	0	1
£120,000 - £124,999	1	0

## Notes to the Core Financial Statements

### 2014/15

Senior officers' emoluments – salary is between £50,000 and £150,000 per year:

Post	Salary & allowances £	Benefits in kind £	Total £	Pension Confs. £	Total £
Chief Fire Officer	118,747	4,604	123,351	25,266	148,617
Deputy Chief Fire Officer (post reinstated Aug 14)	61,956	1,770	63,726	13,187	76,913
Assistant Chief Fire Officer	32,841	2,006	34,847	8,621	43,468
Assistant Chief Officer (pro rata)	87,361	5,717	93,078	11,751	104,829
Head of Fire Prevention	63,155	2,809	65,964	13,442	79,405
Head of Operational Response and Risk	62,679	1,521	64,200	11,651	75,851
Head of Area Command	63,197	5,084	68,281	13,442	81,723
Head of People Development and Safety	63,193	584	63,777	13,442	77,219
Resources Manager	55,620	3,846	59,466	7,286	66,752
Head of Finance (pro rata)	43,498	0	43,498	5,695	49,193

### 2013/14

Senior officers' emoluments – salary is between £50,000 and £150,000 per year:

Post	Salary & allowances £	Benefits in kind £	Total £	Pension Confs. £	Total £
Chief Fire Officer	117,662	4,265	121,927	25,063	146,990
Deputy Chief Fire Officer (post deleted July 13)	26,251	1,124	27,375	5,591	32,966
Assistant Chief Fire Officer	89,597	3,788	93,385	19,042	112,427
Assistant Chief Officer (pro rata)	61,418	4,802	66,220	6,373	72,593
Head of Fire Prevention	62,481	2,384	64,865	13,308	78,173
Head of Operational Response and Risk	61,548	3,745	65,293	13,109	78,402
Head of Area Command	62,481	4,700	67,181	13,308	80,489
Head of People Development and Safety	62,481	762	63,243	13,308	76,551
Resources Manager	55,316	2,899	58,215	5,919	64,134
Head of Finance (pro rata)	42,384	0	42,384	4,535	46,919



## Notes to the Core Financial Statements

### 8. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Authority's senior management on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve are charged to services in the Comprehensive Income and Expenditure Statement)
- The cost of retirements is based on cash flows (payment of employer's pension contributions) rather than the current service cost of benefits accrued in the year
- Expenditure on some support services is budgeted for centrally and is not charged to directorates.

The income and expenditure of the Authority's directorates as recorded in the budget reports is as follows:

<b>2014/15</b>	<b>Executive £'000</b>	<b>Service Delivery £'000</b>	<b>Corporate Performance and Operations £'000</b>	<b>HR and Develop- ment £'000</b>	<b>Total £'000</b>
Employee expenses	1,383	9,474	2,182	1,534	<b>14,573</b>
Premises	721	0	44	0	<b>765</b>
Transport	484	23	91	0	<b>598</b>
Supplies and services	968	51	1,210	202	<b>2,431</b>
Debt charges	1,539	0	0	0	<b>1,539</b>
Fees and Charges	-133	0	0	0	<b>-133</b>
Government grants	-208	0	0	0	<b>-208</b>
Contributions to reserves	710	0	0	0	<b>710</b>
Interest on investments	-65	0	0	0	<b>-65</b>
<b>Total Outturn</b>	<b>5,399</b>	<b>9,548</b>	<b>3,527</b>	<b>1,736</b>	<b>20,210</b>

## Notes to the Core Financial Statements

<b>2013/14 Comparable figures</b>	<b>Executive £'000</b>	<b>Service Delivery £'000</b>	<b>Corporate Performance and Operations £'000</b>	<b>HR and Develop- ment £'000</b>	<b>Total £'000</b>
Employee expenses	1,346	9,617	1,944	1,345	<b>14,252</b>
Premises	854	0	43	0	<b>897</b>
Transport	485	0	103	0	<b>588</b>
Supplies and services	887	47	114	1,052	<b>2,100</b>
Debt charges	1,245	0	0	0	<b>1,245</b>
Fees and Charges	-176	0	0	0	<b>-176</b>
Government grants	-150	0	0	0	<b>-150</b>
Contributions to reserves	1,572	0	0	0	<b>1,572</b>
Interest on investments	-45	0	0	0	<b>-45</b>
<b>Total Outturn</b>	<b>6,018</b>	<b>9,664</b>	<b>2,204</b>	<b>2,397</b>	<b>20,283</b>

### Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	<b>2014/15 £'000</b>	<b>2013/14 £'000</b>
Net expenditure in the Directorate Analysis	20,210	20,283
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	-17,497	-17,595
	<b>2,713</b>	<b>2,688</b>
Amounts included in the analysis not included in the Comprehensive Income and Expenditure Statement	-212	-1,140
Cost of Services in Comprehensive Income and Expenditure Statement	<b>2,501</b>	<b>1,548</b>

# Notes to the Core Financial Statements

## Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2014/15	Directorate Analysis £'000	Amounts not reported to management for decision making £'000	Amounts not included in I&E £'000	Total £'000
Fees, charges and other service income	-133	0	0	-133
Interest and investment income	-65	0	0	-65
Income from council tax	0	-22,374	0	-22,374
Government grants and contributions	-208	-	0	-208
<b>Total Income</b>	<b>-406</b>	<b>-22,374</b>	<b>0</b>	<b>-22,780</b>
Employee expenses	14,573	4,877	0	19,450
Other service expenses	5,781	0	-1,892	3,889
Depreciation, amortisation and impairment	0	0	1,680	1,680
Interest payments	262	0	0	262
<b>Total Expenditure</b>	<b>20,616</b>	<b>4,877</b>	<b>-212</b>	<b>25,281</b>
<b>Surplus or deficit on the provision of services</b>	<b>20,210</b>	<b>-17,497</b>	<b>-212</b>	<b>2,501</b>

2013/14 Comparable Figures	Directorate Analysis £'000	Amounts not reported to management for decision making £'000	Amounts not included in I&E £'000	Total £'000
Fees, charges and other service income	-177	0	0	-177
Interest and investment income	-46	0	0	-46
Income from council tax	0	-12,887	0	-12,887
Government grants and contributions	-150	-9,502	0	-9,652
<b>Total Income</b>	<b>-373</b>	<b>-22,389</b>	<b>0</b>	<b>-22,762</b>
Employee expenses	14,253	4,794	0	19,047
Other service expenses	6,140	0	-2,446	3,694
Depreciation, amortisation and impairment	0	0	1,306	1,306
Interest payments	263	0	0	263
<b>Total Expenditure</b>	<b>20,656</b>	<b>4,794</b>	<b>-1,140</b>	<b>24,310</b>
<b>Surplus or deficit on the provision of services</b>	<b>20,283</b>	<b>-17,595</b>	<b>-1,140</b>	<b>1,548</b>

## Notes to the Core Financial Statements

### 9. EXTERNAL AUDIT COSTS

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts and statutory inspections to non audit services provided by the Authority's external auditors:

	2014/15 £'000	2013/14 £'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	39	38
Fees payable in respect of other services provided by Grant Thornton	4	
Audit Commission	-3	-5
<b>Total Audit Fees</b>	<b>40</b>	<b>33</b>

The fees for other services payable in 2014/15 relate to specialist advice HM Revenue & Customs returns.

### 10. GRANT INCOME

The Authority credited the following grants to the Comprehensive Income and Expenditure Statement in 2014/15:

	2014/15 £'000	2013/14 £'000
DCLG - Fire Capital Grant	930	930
<b>DCLG Revenue Grants:</b>		
Revenue Support Grant	4,485	5,149
Inflation Cap Grant	38	0
New Dimension Grant	48	47
Small Business Multiplier Grant	48	43
Capitalisation Grant	0	27
Retail Relief Grant	14	0
Transparency Code Grant	5	3
Transitional Grant for Rural Authorities	8	31
Reoccupation Relief Grant	6	0
Empty New Build Relief Grant	5	0
Small Business Rate Relief Grant	6	0
Business Rates Reconciliation Grant	7	0
Landlords Smoke Alarms Grant	24	0
<b>Total</b>	<b>5,624</b>	<b>6,230</b>

# Notes to the Core Financial Statements

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## 11. RELATED PARTIES

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

The UK Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides a proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (ie council tax bills). Grants received from government departments are set out in the subjective analysis in note 8 on reporting for resources allocation decisions.

### Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2014/15 is shown in note 6.

There are no instances of transactions involving these related parties which require disclosing.

### Officers

There are no instances of transactions involving these related parties which require disclosing.

### Other Public Bodies (subject to common control by the UK Government)

The Head of Legal and Administrative Services of the Borough of Telford & Wrekin was also the Clerk of Shropshire and Wrekin Fire Authority.

The Treasurer of Shropshire Council was also the Treasurer of Shropshire and Wrekin Fire Authority.

Shropshire Council and the Borough of Telford & Wrekin, provide a number of support services for Shropshire and Wrekin Fire Authority. The gross payments made to these authorities were £1,105,000 to Shropshire Council (excludes £209,000 rates refunds) and £24,000 to the Borough of Telford & Wrekin.

# Notes to the Core Financial Statements

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## **Local Authority Controlled Company - Shropshire Fire Risk Management Services Limited**

Shropshire Fire Risk Management Services Limited is wholly owned by Shropshire and Wrekin Fire Authority. The company began trading on 16 July 2013, and delivers a range of function related services, including fire risk management, health and safety management and training in first aid.

Shropshire Fire Risk Management Services Limited's accounting year end is 31 March 2015, corresponding with the Fire Authority. The company's accounts were prepared under UK GAAP and independently audited. The company reported a net loss of £44,000 for the period to 31 March 2015.

The board of directors of the company is made up of five members of the Fire Authority;

David Minnery (Chair)  
Joyce Barrow  
Nigel Hartin  
Chris Mellings  
Terry Kiernan

The company employs no staff directly, using staff seconded from the Authority. Recharges at full cost for the trading period to 31 March 2015 totalled £72,000. In addition, contractors are employed to carry out business activities.

The company manager is the Fire Authority's Head of Prevention, Area Manager Martin Timmis.

In July 2013, the Fire Authority approved a loan facility of £20,000 for the company, should it be required. This facility was not used during 2014/15.

Group accounts have not been prepared because the net income, expenditure, assets and liabilities of the company do not have a material impact on the results reported.

## **12. LEASES**

### **Authority as a Lessor**

The Authority has not engaged in any activity as a lessor.

### **Authority as a Lessee**

## Notes to the Core Financial Statements

### Finance Leases

The Authority had a number of outstanding finance leases which were carried as Property Plant and Equipment in the Balance Sheet at the following net amounts:

	<b>31 March 2015 £'000</b>	<b>31 March 2014 £'000</b>
Vehicles, Plant, Furniture and Equipment	13	28

The Authority was committed to making minimum payments under these leases comprising settlement of the long term liability for the interest in the assets acquired by the Authority and finance costs that were payable by the Authority in future years while the liability remained outstanding. Outstanding finance lease payments at 31 March 2015 are shown below.

	<b>31 March 2015 £'000</b>	<b>31 March 2014 £'000</b>
Finance lease liabilities (net present value of minimum lease payments):		
Current	12	15
Non Current	1	13
Finance costs payable in future years	1	2
<b>Minimum lease payments</b>	<b>14</b>	<b>30</b>

The minimum leases payments will be repayable over the following periods:

	<b>Minimum Lease Payments</b>		<b>Finance Lease Liabilities</b>	
	<b>31 March 2015 £'000</b>	<b>31 March 2014 £'000</b>	<b>31 March 2015 £'000</b>	<b>31 March 2014 £'000</b>
Not later than one year	13	16	12	15
Later than one year and not later than five years	1	14	1	13
Later than five years	0	0	0	0
<b>Total</b>	<b>14</b>	<b>30</b>	<b>13</b>	<b>28</b>

# Notes to the Core Financial Statements

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## Operating Leases

The future minimum lease payments due under non cancellable leases in future years are:

	31 March 2015 £'000	31 March 2014 £'000
Not later than one year	93	93
Later than one year and not later than five years	23	116
Later than five years	0	0
	<b>116</b>	<b>209</b>
Operating lease rentals paid during the year	<b>93</b>	<b>105</b>

## 13. PARTICIPATION IN PENSION SCHEMES

As part of the terms and conditions of employment of its officers and other employees, the Fire Authority makes contributions towards the cost of retirement benefits. Although these benefits will not actually be payable until the employees retire, the Fire Authority has a commitment to make the payments, and this commitment needs to be disclosed at the time employees earn their future entitlement.

The Fire Authority participates in three pension schemes:

**Local Government Pension Scheme:** non operational staff are eligible for membership of the Shropshire County Pension Fund administered by Shropshire Council. This is a funded defined benefit average salary scheme, meaning that the Fire Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The Shropshire County Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Shropshire Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the Committee.

**Firefighters Pension Schemes:** on 1 April 2006 new financial arrangements were introduced for both the 1992 and the newly established 2006 Firefighter Pension Schemes.

Both schemes are unfunded, defined benefit schemes, and are regulated by the Department for Communities and Local Government (DCLG). Contributions to the schemes are made by the Fire Authority and employees, and are paid into a separate Pensions Fund Account, from which most commutations and regular payments will be made. Any deficit on this account will be met by DCLG, and any surplus at the end of the year will be paid back to DCLG.

The **principal risks** to the Authority of the schemes are the longevity assumptions, statutory changes to the schemes (ie large scale withdrawals from the schemes),



## **Notes to the Core Financial Statements**

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changes to inflation, and in the case of the Local Government Pension Scheme, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund the amounts required by statute as described in the accounting policies.

### **Transactions Relating to Retirement Benefits**

The costs of retirement benefits are recognised in the reported cost of services when they are earned by employees, rather than when the benefits are actually paid as pensions. However the required charge against council tax is based on the cash payable in the year, so the real cost of post employment and retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

## Notes to the Core Financial Statements

	Shropshire County Pension Fund		Fire Pension Schemes		
	2014/15 £'000	2013/14 £'000	Old 2014/15 £'000	New 2014/15 £'000	2013/14 £'000
<b>Comprehensive I&amp;E Statement</b>					
<b>Cost of Services:</b>					
Service cost comprising:					
Current service cost	378	445	2,155	841	3,404
Past service cost	0	0	0	0	0
<b>Financing and Investment Income and Expenditure:</b>					
Net Interest Expense	159	174	5,907	374	6,123
Administration Cost	10	10	0	0	0
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	547	629	8,062	1,215	9,527
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:					
Remeasurements (assets)	-723	-1,347	0	0	0
Remeasurements (liabilities) (actuarial gains and losses)	2,684	489	24,163	-204	-4,329
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	1,961	-858	24,163	-204	-4,329
<b>Movement in Reserves Statement</b>					
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	-547	-629	-8,062	-1,215	-9,527
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>					
Employers contributions payable to the scheme	-336	-307	-969	-317	-1,323
Top up Grant			-3,765	610	-3,618
Retirement benefits payable to pensioners				-148	-136

# Notes to the Core Financial Statements

## Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

	Shropshire County Pension Fund		Fire Pension Schemes	
	2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000
Present value of the defined benefit obligation	17,228	13,761	170,473	141,826
Fair value of plan assets	-11,331	-10,036	0	0
<b>Net liability arising from defined benefit obligation</b>	<b>5,897</b>	<b>3,725</b>	<b>170,473</b>	<b>141,826</b>

## Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of the movements in the fair value of scheme liabilities:

	Funded Liabilities: Shropshire County Pension Fund		Unfunded Liabilities: Fire Pension Schemes	
	2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000
Opening balance 1 April	13,761	12,407	141,826	141,705
Current service cost	378	445	2,996	3,404
Interest cost	613	520	6,281	6,123
Contributions by scheme participants	139	134	983	896
Benefits paid	-347	-234	-5,572	-5,973
Remeasurements (actuarial gains and losses):				
Experience (-) gain / loss	0	1,405	0	0
(-)Gain/ Loss in financial assumptions	2,684	-1,209	23,959	-6,209
(-)Gain/ Loss in demographic assumptions	0	293	0	1,880
Past service costs	0	0	0	0
<b>Closing balance 31 March</b>	<b>17,228</b>	<b>13,761</b>	<b>170,473</b>	<b>141,826</b>

## Notes to the Core Financial Statements

Reconciliation of present value of the scheme assets (defined benefit obligation):

	Shropshire County Pension Fund		Fire Pension Schemes	
	2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000
Opening balance 1 April	10,036	8,146	0	0
Interest income	454	346	0	0
Administration cost	-10	-10		
Remeasurements (assets)	723	1,347	0	0
Employer contributions	336	307	0	0
Contributions by scheme participants	139	134	0	0
Benefits paid	-347	-234	0	0
Closing balance 31 March	<b>11,331</b>	<b>10,036</b>	<b>0</b>	<b>0</b>

**Top up grant** - these are grants payable by government, to those fire authorities whose Pension Fund Accounts are in a deficit position. The grant assists employers with management of benefit payments under the Fire pension schemes.

Top up grant has been included in the reconciliation of assets under the schemes, and has been included within employer contributions as income into the schemes. Disclosures in the statement reflect top up grant of £3.155m in 2014/15, and £3.618m in 2013/14.

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Fire Schemes and the Shropshire County Pension Fund liabilities have been assessed by Mercers, an independent firm of actuaries, estimates for the Shropshire County Pension Fund being based on the latest full valuation of the Scheme as at 31 March 2013.

## Notes to the Core Financial Statements

The principal assumptions used by the actuary have been:

	Shropshire County Pension Fund		Fire Pension Schemes	
	2014/15	2013/14	2014/15	2013/14
<b>Long term expected rate on assets:</b>				
Equity investments	6.5%	7.0%	-	-
Government bonds	2.2%	3.4%	-	-
Other bonds	2.9%	4.3%	-	-
Property	5.9%	6.2%	-	-
Other assets	0.5%	0.5%	-	-
<b>Mortality Assumptions:</b>				
Longevity at 60 (65 County) for future pensioners: Men	26.1yrs	26.0yrs	30.6yrs	30.4yrs
Women	29.1yrs	29.0yrs	33.1yrs	33.0yrs
Rate of inflation CPI	2.0%	2.4%	2.0%	2.4%
Rate of increase in salaries	3.5%	3.9%	3.5%	3.9%
Rate of increase in pensions	2.0%	2.4%	2.0%	2.4%
Rate for discounting scheme liabilities	3.3%	4.5%	3.3%	4.5%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some or all of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the schemes, ie on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used for the previous period.

# Notes to the Core Financial Statements

## Impact on the Defined Benefit Obligation in the Schemes

	Shropshire County Pension Fund		Fire Pension Schemes	
	Increase in assumption £'000	Decrease in assumption £'000	Increase in assumption £'000	Decrease in assumption £'000
Longevity (increase or decrease in one year)	322	-322	3,535	-3,535
Rate of inflation (increase or decrease by 1%)	365	-365	3,322	-3,322
Rate of increase in salaries (increase or decrease by 1%)	111	-111	707	-707
Rate for discounting scheme liabilities (increase or decrease by 1%)	-356	356	-3,251	3,251

The Fire Pension Schemes have no assets to cover their liabilities. The Shropshire County Pension Fund's assets consist of the following categories, by proportion of the total assets held.

	31 March 2015 £'000	31 March 2015 %	31 March 2014 £'000	31 March 2014 %
Equity Investments	5,894	52.0	5,481	54.6
Bonds	2,892	25.5	2,408	24.0
Property	465	4.1	398	4.0
Other Assets	2,080	18.4	1,749	17.4
	11,331	100.0	10,036	100.0

## Impact on the Authority's Cash Flows – Local Government Pension Scheme

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The administering authority has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 19 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pension Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Authority anticipated to pay £333,000 expected contributions to the scheme in 2014/15.

## **Notes to the Core Financial Statements**

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The weighted average duration of the defined benefit obligation for scheme members is 21 years in 2014/15 (21 years in 2013/14).

**Injury Awards** – the level of injury awards payable to eligible members is dependent on the salary, service and also degree of disablement of the member at the time the injury is incurred. Therefore, in line with IFRS Code of Practice, the assumption that such awards are “not usually subject to the same degree of uncertainty as the measurement of post-employment benefits” can be rebutted and injury awards are therefore accounted for, under IAS19, in the same manner as for the main pension scheme benefits.

### **14. EVENTS AFTER THE BALANCE SHEET DATE**

The Statement of Accounts was signed off by the Treasurer on 30th June 2015. Events taking place after this date are not reflected in the financial statements or notes.

## Notes to the Core Financial Statements

### 15. PROPERTY PLANT AND EQUIPMENT

<b>Movements in 2014/15</b>	<b>Land &amp; Buildings £'000</b>	<b>Vehicles, Plant, Furniture &amp; Equipment £'000</b>	<b>Property Plant &amp; Equipment £'000</b>
<b>Cost or Valuation</b>			
<b>At 1 April 2014</b>	13,979	11,540	25,519
Additions	297	833	1,130
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	5,746	0	5,746
<b>At 31 March 2015</b>	<b>20,022</b>	<b>12,373</b>	<b>32,395</b>
<b>Accumulated Depreciation and Impairment</b>			
<b>As at 1 April 2014</b>	1,069	6,432	7,501
Depreciation charge	346	943	1,289
Revaluations	-1,376	0	-1,376
<b>At 31 March 2015</b>	<b>39</b>	<b>7,375</b>	<b>7,414</b>
<b>Net Book Value at 31 March 2015</b>	<b>19,983</b>	<b>4,998</b>	<b>24,981</b>
<b>At 31 March 2014</b>	<b>12,910</b>	<b>5,108</b>	<b>18,018</b>



## Notes to the Core Financial Statements

<b>Comparative Movements in 2013/14</b>	<b>Land &amp; Buildings £'000</b>	<b>Vehicles, Plant, Furniture &amp; Equipment £'000</b>	<b>Property Plant &amp; Equipment £'000</b>
<b>Cost or Valuation</b>			
<b>At 1 April 2013</b>	13,979	10,274	24,253
Additions	-43	1,266	1,223
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	43	0	43
<b>At 31 March 2014</b>	<b>13,979</b>	<b>11,540</b>	<b>25,519</b>
<b>Accumulated Depreciation and Impairment</b>			
<b>As at 1 April 2013</b>	596	5,556	6,152
Depreciation charge	473	876	1,349
<b>At 31 March 2014</b>	<b>1,069</b>	<b>6,432</b>	<b>7,501</b>
<b>Net Book Value at 31 March 2014</b>	<b>12,910</b>	<b>5,108</b>	<b>18,018</b>
<b>At 31 March 2013</b>	<b>13,383</b>	<b>4,718</b>	<b>18,101</b>

### Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Land and buildings – 25 to 40 years
- Vehicles, plant, furniture and equipment – 3 to 20 years.

# Notes to the Core Financial Statements

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## Capital Commitments

At 31 March 2015, the Authority had entered into a number of contracts in 2014/15, budgeted to cost £2.059m. The commitments were:

Training improvements	£123,000
Corporate gazetteer	£58,000
Appliance bay doors	£21,000
Video conferencing system	£44,000
Retained station building works	£861,000
Building improvements at Wellington	£123,000
Replacement of light pumping unit	£194,000
Total	£1,424,000

Similar commitments at 31 March 2014 were £319,000.

## Revaluations

The Authority carries out a rolling programme that ensures all Property Plant and Equipment required to be measured at fair value is revalued at least every five years. Valuations of land and buildings have been carried out at 31 March 2015, by K Parry MRICS from Shropshire Council, under instruction from the Authority. The valuations were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The valuations have been undertaken on the following assumptions:-

- The properties are free from any undisclosed onerous burdens, outgoings or restrictions and good title can be shown.
- The land and properties are not contaminated (including Radon Gas)
- The properties and their values are unaffected by any matters which could be revealed by Local Search or inspection of any register and the use and occupation of the asset is lawful.
- In valuing the property, plant and machinery has been excluded unless forming part of the structure and normally valued with the buildings.
- The report does not take account of any liability for taxation which may arise on disposal whether actual or notional.
- Details of title have been taken from previous records supplied by Shropshire Fire and Rescue Service.
- Where there are user rights these have not been considered as having a value because of the inability to transfer such rights.
- Where the property in the ownership of Shropshire Fire and Rescue Service is subject to user rights, the value of the affected parts of the property have been excluded, except where the occupation has approximately twelve months or less to run to the expiry date.

Items within a class of property plant and equipment are revalued simultaneously to avoid selective revaluation of assets and the reporting of amounts in the financial statements that are a mixture of costs and values as at different dates.

# Notes to the Core Financial Statements

## Heritage Assets

The Fire Authority has a number of items which can be classed as heritage assets, due to their cultural and historical associations to the Fire Service. These assets have been held within the Service for a number of years, having been originally donated. The Authority does not seek to acquire assets of this nature, and has no intention of disposing of the assets currently held.

These assets, which include fire helmets and medals, are held at Brigade Headquarters in Shrewsbury, and at a number of retained stations throughout the county. The estimated value of the assets held is not material to the statements.

As there are no valuations held for these assets, and valuations could not be obtained at a cost which is commensurate with the benefits to the users of the financial statements, the assets are not recognised in the Balance Sheet in accordance with the Code.

## Valuation of Non Current Assets carried at Current Value

	Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Total £'000
Carried at historical cost	0	4,998	4,998
Carried at fair value as at 31 March 2015	19,983	0	19,983
<b>Total</b>	<b>19,983</b>	<b>4,998</b>	<b>24,981</b>

## 16. FINANCIAL INSTRUMENTS

### Categories of Financial Instrument

The following categories of financial instrument are carried in the Balance Sheet:

	Long Term		Current	
	31 March 2015 £'000	31 March 2014 £'000	31 March 2015 £'000	31 March 2014 £'000
<b>Cash and cash equivalents</b>				
Cash and bank accounts			2	197
Short term deposits with bank			9,260	9,430
Short term deposits with local authorities			3,750	2,770
Short term deposits with Debt Management Office			3,200	250
<b>Total cash and cash equivalents</b>	<b>0</b>	<b>0</b>	<b>16,212</b>	<b>12,647</b>
<b>Debtors</b>				
Financial assets carried at contract amounts			8	116
<b>Total debtors</b>	<b>0</b>	<b>0</b>		<b>116</b>

## Notes to the Core Financial Statements

	Long Term		Current	
	31 March 2015 £'000	31 March 2014 £'000	31 March 2015 £'000	31 March 2014 £'000
<b>Borrowings</b>				
Financial liabilities at amortised cost	5,698	5,810	112	0
<b>Total borrowings</b>	<b>5,698</b>	<b>5,810</b>	<b>112</b>	<b>0</b>
<b>Other Long Term Liabilities</b>				
Finance leases	13	28		
<b>Total other long term liabilities</b>	<b>13</b>	<b>28</b>		
<b>Creditors</b>				
Financial liabilities carried at contract amount			3,861	242
<b>Total creditors</b>	<b>0</b>	<b>0</b>	<b>3,861</b>	<b>242</b>

### Financial Instrument Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	2014/15		2013/14	
	Liabilities at amortised cost £'000	Assets – loans and receivables £'000	Liabilities at amortised cost £'000	Assets – loans and receivables £'000
Interest expense	262	0	263	0
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>262</b>	<b>0</b>	<b>263</b>	<b>0</b>
Interest income	0	65	0	46
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>65</b>	<b>0</b>	<b>46</b>
<b>Net gain /(loss) for the year</b>	<b>262</b>	<b>65</b>	<b>263</b>	<b>46</b>

**Nature and extent of risk arising from financial instruments:** The Authority's activities expose it to a variety of financial risks:

**Credit Risk** –this is the possibility other parties may fail to pay amounts due to the Authority. This arises from the lending of surplus funds to banks, building societies and other local authorities, as well as credit exposures to the Authority's customers.

## Notes to the Core Financial Statements

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The Authority, with support and guidance from Treasury Services at Shropshire Council, work to minimise the exposure to the unpredictability of financial markets and to protect the financial resources available to fund services.

The Authority has adopted CIPFA's Code of Treasury Management Practices, and an Annual Treasury Management Strategy has also been approved by the Authority.

**Liquidity Risk** – this is the possibility the Authority may not have funds available to meet its commitments to make payments. As the Authority has ready access to borrowings, there is no significant risk it will be unable to raise finance to meet its commitments.

**Market Risk** – this is the possibility financial loss might arise for the Authority as a result of changes in such measures as interest rates. Changes in interest receivable on variable rate investments will be posted to the Comprehensive Income and Expenditure Statement and will therefore directly affect the General Fund Balance.

### Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long term debtors and creditors are carried in the Balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Estimated ranges of interest rates at 31 March 2015 of 4.05% to 5.125% for loans from the PWLB
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as followed:

	31 March 2015		31 March 2014	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial liabilities	5,698	7,048	5,810	6,903
Long term creditors	13	13	28	28

# Notes to the Core Financial Statements

Additional information in respect of the Authority's borrowing is given below

	<b>31 March 2015 £'000</b>	<b>31 March 2014 £'000</b>
<b>Loan Source</b>		
Public Works Loan Board	5,810	5,810
<b>Analysis by Maturity</b>		
Less than 1 year	112	0
Between 1 and 2 years	0	112
Between 2 and 5 years	0	0
Between 5 and 10 years	653	443
Between 10 and 20 years	2,672	2,247
Between 20 and 30 years	713	1,348
Between 30 and 40 years	1,460	1,130
Between 40 and 50 years	200	530

## 17. INVENTORIES

<b>2014/15</b>	<b>Vehicle Parts £'000</b>	<b>Oil £'000</b>	<b>Diesel £'000</b>	<b>Uniforms £'000</b>	<b>Smoke Alarms £'000</b>	<b>Fire Ground Feeding £'000</b>	<b>Total £'000</b>
<b>Balance outstanding at start of year</b>	<b>65</b>	<b>2</b>	<b>7</b>	<b>34</b>	<b>0</b>	<b>1</b>	<b>109</b>
Purchases	111	5	143	289	24	17	589
Recognised as an expense during the year	-111	-5	-145	-258	0	-17	-536
<b>Balance outstanding at year end</b>	<b>65</b>	<b>2</b>	<b>5</b>	<b>65</b>	<b>24</b>	<b>1</b>	<b>162</b>

<b>2013/14</b>	<b>Vehicle Parts £'000</b>	<b>Oil £'000</b>	<b>Diesel £'000</b>	<b>Uniforms £'000</b>	<b>Smoke Alarms £'000</b>	<b>Fire Ground Feeding £'000</b>	<b>Total £'000</b>
<b>Balance outstanding at start of year</b>	<b>48</b>	<b>4</b>	<b>10</b>	<b>25</b>	<b>0</b>	<b>2</b>	<b>89</b>
Purchases	86	3	143	168	0	18	418
Recognised as an expense during the year	-69	-5	-146	-159	0	-19	-398
<b>Balance outstanding at year end</b>	<b>65</b>	<b>2</b>	<b>7</b>	<b>34</b>	<b>0</b>	<b>1</b>	<b>109</b>

# Notes to the Core Financial Statements

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## 18. DEBTORS

Debtors represent sums owed to the Authority for supplies and services provided before 31 March in the relevant year but still outstanding at that date.

	<b>31 March 2015 £'000</b>	<b>31 March 2014 £'000</b>
Central government bodies	230	1,164
Public corporations and trading funds	469	803
Other local authorities	1,064	710
Other entities and individuals	996	292
<b>Total</b>	<b>2,759</b>	<b>2,969</b>

## 19. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:

	<b>31 March 2015 £'000</b>	<b>31 March 2014 £'000</b>
Cash held by the Authority	1	2
Bank current accounts	1	195
Short term deposits with bank	9,260	9,430
Short term deposits with local authorities	3,750	2,770
Short term deposits with Debt Management Office	3,200	250
<b>Total</b>	<b>16,212</b>	<b>12,647</b>

## 20. CREDITORS

These represent sums owed by the Authority for supplies and services provided before 31 March in the relevant year but still outstanding at that date.

	<b>31 March 2015 £'000</b>	<b>31 March 2014 £'000</b>
Central government bodies	808	435
Other local authorities	318	548
Other entities and individuals	1,111	788
<b>Total</b>	<b>2,237</b>	<b>1,771</b>

# Notes to the Core Financial Statements

## 21. PROVISIONS

### Equipment Replacement Provision

	<b>£'000</b>
<b>Balance at 1 April 2014</b>	<b>105</b>
Additional provisions made in 2014/15	109
Amounts used in 2014/15	-102
<b>Balance at 31 March 2015</b>	<b>112</b>

	<b>£'000</b>
<b>Balance at 1 April 2013</b>	<b>41</b>
Additional provisions made in 2013/14	108
Amounts used in 2013/14	-44
<b>Balance at 31 March 2014</b>	<b>105</b>

## 22. USABLE RESERVES

The Fire Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement.

Movements in the Authority's usable reserves are detailed in the Movement in Reserve Statement.

## 23. UNUSABLE RESERVES

<b>31 March 2014 £'000</b>		<b>31 March 2015 £'000</b>
1,287	Revaluation Reserve	8,747
11,989	Capital Adjustment Account	11,785
-3,725	LGPS Pensions Reserve	-5,898
-141,826	Fire Pensions Reserve	-170,473
282	Collection Fund Adjustment Account	482
-143	Accumulated Absences Account	-120
<b>-132,136</b>	<b>Total Unusable Reserves</b>	<b>-155,477</b>



# Notes to the Core Financial Statements

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## Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property Plant and Equipment. The balance is reduced when the assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

<b>2013/14 £'000</b>		<b>2014/15 £'000</b>
1,342	Balance at 1 April	1,287
	Upward revaluation of assets	7,655
0	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-141
1,342	Surplus or deficit on revaluation of non current assets not posted to the Surplus/Deficit on the Provision of Services	8,801
-55	Difference between fair value depreciation and historical costs depreciation	-54
<b>1,287</b>	<b>Balance as at 31 March</b>	<b>8,747</b>

## Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from 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 is debited with the cost of acquisition, construction or enhancement as depreciation, impairments losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

## Notes to the Core Financial Statements

The Account contains revaluation gains accumulated on Property Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

Note 24 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

<b>2013/14 £'000</b>		<b>2014/15 £'000</b>
11,760	<b>Balance at 1 April</b>	11,989
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
-1,306	Charges for depreciation and impairment of non current assets	-1,549
0	Revaluation losses on Property Plant and Equipment	-130
<b>10,454</b>	<b>Total</b>	<b>10,310</b>
55	Adjusting amounts written out of the Revaluation Reserve	54
<b>10,509</b>	<b>Net written out amount of the cost of non current assets consumed in the year</b>	<b>10,364</b>
	Capital financing applied in the year:	
0	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	0
605	Application of grants to capital financing from the Capital Grants Unapplied Account	240
300	Statutory provision for the financing of capital investment charged against the General Fund balance	292
575	Capital expenditure charged against the General Fund balance	889
<b>11,989</b>	<b>Balance as at 31 March</b>	<b>11,785</b>

## Notes to the Core Financial Statements

### Pensions Reserves

The Pensions Reserves absorb 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 as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds, or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserves therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has to set aside to meet them. The statutory arrangements will ensure funding will have been set aside by the time the benefits come to be paid.

2013/14 £'000				2014/15 £'000		
Fire	LGPS	Total		Fire	LGPS	Total
141,705	4,262	145,967	<b>Balance at 1 April</b>	<b>141,826</b>	<b>3,726</b>	<b>145,552</b>
-4,329	-858	-5,187	Actuarial gains or losses on pensions assets and liabilities	23,959	1,961	25,920
9,527	629	10,156	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	9,277	547	9,824
-5,077	-307	-5,384	Employer's pension contributions and direct payments to pensioners payable in the year	-4,589	-336	-4,925
<b>141,826</b>	<b>3,726</b>	<b>145,552</b>	<b>Balance at 31 March</b>	<b>170,473</b>	<b>5,898</b>	<b>176,371</b>

## Notes to the Core Financial Statements

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

<b>2013/14 £'000</b>		<b>2014/15 £'000</b>
131	<b>Balance at 1 April</b>	282
151	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax and business rates income calculated for the year in accordance with statutory requirements	200
<b>282</b>	<b>Balance at 31 March</b>	<b>482</b>

### Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, ie annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

<b>2013/14 £'000</b>		<b>2014/15 £'000</b>
-122	Balance at 1 April	-143
0	Settlement or cancellation of accrual made at the end of the preceding year	0
122	Amount accrued at the end of the current year	143
-143	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-120
<b>-143</b>	<b>Balance at 31 March</b>	<b>-120</b>

# Notes to the Core Financial Statements

## 24. TRANSFERS TO / FROM EARMARKED RESERVES

	Balance 31 Mar 2013 £'000	Transfers Out 2013/14 £'000	Transfers In 2013/14 £'000	Balance 31 Mar 2014 £'000	Transfers Out 2014/15 £'000	Transfers In 2014/15 £'000	Balance 31 Mar 2015 £'000
General Reserve	566	0	11	577	0	0	577
Unearmarked Capital Reserve	1,002	0	20	1,022	0	300	1,322
Earmarked Capital Reserve	1,562	-5	1,603	3,160	-363	1,876	4,673
Extreme Weather Reserve	328	0	6	334	0	0	334
Pensions and Other Staff Issues Reserve	1,424	0	331	1,755	0	0	1,755
ICT Reserve	998	-194	222	1,026	-322	479	1,183
STP Staff Reserve	258	-147	164	275	-303	240	212
Income Volatility Reserve	1,015	0	122	1,137	0	0	1,137
Service Delivery Reserve	232	-1	5	236	0	0	236
Training Reserve	0	0	255	255	0	0	255
Building Maintenance Reserve	0	0	408	408	0	0	408
Operational Equipment Reserve	0	-28	306	278	-173	0	105
<b>Total</b>	<b>7,385</b>	<b>-375</b>	<b>3,453</b>	<b>10,463</b>	<b>-1,161</b>	<b>2,895</b>	<b>12,197</b>

## Notes to the Core Financial Statements

### 25. CAPITAL GRANTS UNAPPLIED ACCOUNT

	2014/15 £'000	2013/14 £'000
Balance at 1 April	-1,128	-803
Capital grants received	-930	-930
Used to finance capital expenditure	240	605
Balance at 31 March	<b>-1,818</b>	<b>-1,128</b>

### 26. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

	2014/15 £'000	2013/14 £'000
<b>Opening Capital Financing Requirement</b>	<b>4,741</b>	<b>4,998</b>
<i>Capital investment</i>		
Property Plant and Equipment	1,130	1,223
<i>Sources of Finance</i>		
Government grants and other contributions	-240	-605
Sums set aside from revenue:		
Direct revenue contributions	-889	-575
MRP	-292	-300
<b>Closing Capital Financing Requirement</b>	<b>4,450</b>	<b>4,741</b>
<b>Explanation of movements in year</b>		
Decrease in underlying need to borrowing (supported by government financial assistance)	0	0
Increase / -decrease in underlying need to borrowing (unsupported by government financial assistance)	-291	-257
<b>Increase / -decrease in Capital Financing Requirement</b>	<b>-291</b>	<b>-257</b>

## Notes to the Core Financial Statements

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### 27. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

<b>2013/14 £'000</b>		<b>2014/15 £'000</b>
-46	Interest received	-65
263	Interest paid	262
<b>217</b>	<b>Net Interest</b>	<b>197</b>

### 28. CASH FLOW STATEMENT – INVESTING ACTIVITIES

<b>2013/14 £'000</b>		<b>2014/15 £'000</b>
1,180	Purchase of property plant and equipment	1,130
0	Other receipts from investing activities	0
<b>1,180</b>	<b>Net cash flows from investing activities</b>	<b>1,130</b>

### 29. CASH FLOW STATEMENT – FINANCING ACTIVITIES

<b>2013/14 £'000</b>		<b>2014/15 £'000</b>
-46	Other receipts from financing activities	-65
	Cash payments for the reduction of the outstanding liabilities relating to finance leases	
263	Other payments for financing activities	262
<b>217</b>	<b>Net cash flows from financing activities</b>	<b>197</b>

## Notes to the Core Financial Statements

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### 30. CASH FLOW STATEMENT – NON CASH MOVEMENTS

<b>2013/14 £'000</b>		<b>2014/15 £'000</b>
-1,349	Depreciation	-1,289
43	Losses on asset revaluations	-391
605	Capital grant	240
300	MRP	292
575	Capital expenditure from revenue	889
-4,772	IAS19 pension adjustments	-4,899
151	Collection Fund adjustment	200
-21	Accumulated Absences adjustment	23
-64	Net movement on provision	-7
-300	MRP	-292
-605	Capital grant	-240
14	Finance leases	14
-575	Capital expenditure from revenue	-889
21	Movement on stocks	53
113	Movement on creditors	-973
1,212	Movement on debtors	73
<b>-4,652</b>		<b>-7,196</b>



## Pension Fund Accounts

Year ended 31 March 2014 £'000		Year ended 31 March 2015 £'000
	<b>Income to the fund</b>	
	<b>Contributions receivable:</b>	
	<b>From employer:</b>	
-1,032	Normal: Old scheme	-969
-291	Normal: New scheme	-317
-58	Early Retirements	-22
	<b>From members:</b>	
-641	Normal: Old scheme	-681
-255	Normal: New scheme	-302
	<b>Transfers in:</b>	
0	Individual transfers from other schemes	-663
<b>-2,277</b>	<b>Income to the Fund</b>	<b>-2,954</b>
	<b>Spending from the Fund</b>	
	<b>Benefits payable:</b>	
3,790	Pensions	4,116
1,649	Commutations on pensions and lump sum retirement benefits	1,304
	<b>Payments to and on account of leavers:</b>	
144	Individual transfers out of the scheme	7
<b>3,306</b>	<b>Deficit / surplus for the year before top up grant receivable from Central Government</b>	<b>2,473</b>
-2,503	Top Up grant received	-2,004
-803	Top Up grant receivable	-469
<b>0</b>	<b>Net amount receivable for the year</b>	<b>0</b>

See note 1 to the account

## Pension Fund Accounts

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### Net Assets Statement as at 31 March 2015

£'000	Current Assets	£'000
803	Top Up grant receivable from Government	469
£'000	Current Liabilities	£'000
-803	Amounts due to General Fund	-469
<b>0</b>		<b>0</b>

### Notes to the Pension Fund Accounts

- 1. Firefighters Pension Schemes** – on 1 April 2006 new financial arrangements were introduced for both the 1992 and the newly established 2006 Firefighter Pension Schemes. The Pension fund was established under the Firefighters Pension Fund Regulations 2006.
- 2.** The Pension Fund is regulated by Department of Communities and Local Government (DCLG), and the pension schemes are managed and administered locally by each Fire Authority. Both are unfunded, defined benefit schemes; contributions to the schemes are made by firefighters and employers, and paid into the Fund, from which most commutations and regular pension payments are made. Any deficit on the Fund will be met by Government, and any surplus at the end of the year will be repaid to Government.
- 3.** The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end; information on the Authority's long term pensions obligations can be found at note 14 to the main financial statements.
- 4.** Employees and employers contribution levels are set nationally by DCLG and subject to triennial revaluation by the Government's Actuary Department.
- 5.** The accounts are prepared in accordance with the same Code of Practice and accounting policies as the main financial statements – they can be found at page 20.

# Glossary of Terms

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## **Accrual**

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

## **Capital Adjustment Account**

Provides a balancing mechanism between the different rates at which assets are depreciated under IFRS and are financed through capital controls system.

## **Capital Expenditure**

Expenditure on the acquisition of non current assets such as land, buildings, vehicles and equipment which are of long term value, or expenditure which adds to and not merely maintains the value of existing assets.

## **Capital Receipts**

Money received from the sale of capital assets such as vehicles, which may be used to repay outstanding debt or finance new assets.

## **CIPFA**

The Chartered Institute of Public Finance and Accountancy.

## **Capital Financing Requirement**

This measures the underlying need to borrow to finance capital expenditure.

## **Collection Fund Adjustment Account**

Provides a mechanism for recognising the Fire Authority's share of the Collection Fund surplus / deficits at the end of the year.

## **Corporate and Democratic Core**

Represents the costs of corporate policy making and member based activities. Other costs relate to the general running of the Fire Authority including corporate management and public accountability.

## **Council Tax**

The means of raising money locally which pays for Fire Authority services. This is a property based tax where the amount levied is dependant on the valuation of each dwelling.

## **Creditors**

Amount owed by an organisation for work done, goods received, or services rendered to the organisation within the accounting period but for which payment has not been made.

## **Current Assets**

Items from which the Fire Authority derives a benefit but which will be consumed or realised during the next accounting period, ie stocks, debtors, cash.

## **Current Liabilities**

Amounts which will become payable in the next accounting period ie creditors.

# Glossary of Terms

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## **DCLG**

The Department of Communities and Local Government – the Government department with responsibility for the Fire and Rescue Service.

## **Debtors**

Sums of money due to the Fire Authority for goods sold or services rendered but for which payment has not been received at the balance sheet date.

**Depreciation** – the measure of the wearing out, consumption, or other reduction in the useful economic life of a non current asset, whether arising from use, passage of time or obsolescence through technological or other changes.

## **Finance Lease**

Leases which transfer the risks and rewards of ownership of a fixed asset to the lessee and such assets are included within the non current assets in the balance sheet.

## **Government Grants**

Assistance by government in the form of cash or transfers of assets to authorities, in return for past or future compliance with certain conditions relating to the activities of the Fire Authority.

## **Heritage Assets**

Assets preserved in trust for future generations because of their cultural, environmental or historical associations, which have historical, artistic, scientific or environmental qualities, and which are held and maintained by the Fire Authority principally for the contribution to knowledge and culture.

## **Impairment**

A reduction in the value of a non current asset below its carrying amount on the balance sheet.

## **International Accounting Standards (IAS)**

## **International Financial Accounting Standards (IFRS)**

The framework of standards within which the financial statements are prepared.

## **Long Term Borrowing**

Loans that are raised with external bodies, for periods of more than one year.

## **Minimum Revenue Provision (MRP)**

The minimum amount which must be charged to the revenue account each year to set aside for provision for credit liabilities, previously 4% of the capital financing requirement.

## **Non Current Assets**

Assets that yield benefits to the Fire Authority and the services it provides for a period of more than one year.

# Glossary of Terms

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## **Operating Leases**

Leases where the ownership of the asset remains with the lessor, and the annual rental is charged to the revenue account.

## **Operational Assets**

Non current assets held and occupied, used or consumed by the Fire Authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

## **Revaluation Reserve**

Contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation.

## **Revenue Support Grant**

Government grant in aid of the Fire Authority's services generally. It is based upon the Government's assessment of how much the Fire Authority needs to spend in order to provide a standard level of service.

## **Stocks**

The amount of unused or unconsumed stocks held in expectation of future use.

## **Useful Life**

The period over which the Fire Authority will derive benefits from the use of a non current asset.

## **Virement**

The transfer of resources between budget heads. Virements must be properly authorised by the appropriate committee or by officers under delegated powers.