



DEVON & SOMERSET FIRE & RESCUE AUTHORITY

M. Pearson
CLERK TO THE AUTHORITY

To: **Members of the Audit & Performance
Review Committee**

(see below)

**SERVICE HEADQUARTERS
THE KNOWLE
CLYST ST GEORGE
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Your ref :
Our ref : APCR/June 16/MP/SS
Website : www.dsfire.gov.uk

Date : 20 June 2016
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AUDIT & PERFORMANCE REVIEW COMMITTEE
(Devon & Somerset Fire & Rescue Service)

Tuesday 28 June 2016

A meeting of the Audit & Performance Review Committee is to be held on the above date, **commencing at 10.00 am in Committee Room B, Somerset House, Service Headquarters, Exeter** to consider the following matters.

M. Pearson
Clerk to the Authority

A G E N D A

PLEASE REFER TO THE NOTES AT THE END OF THE AGENDA LISTING SHEETS

- 1 **Election of Chair**
- 2 **Apologies**
- 3 **Minutes of previous meeting (Pages 1 - 6)**

4 **Items Requiring Urgent Attention**

Items which, in the opinion of the Chair, should be considered at the meeting as matters of urgency.

5 **Election of Vice Chair**

PART 1 - OPEN COMMITTEE

6 Grant Thornton Update (Pages 7 - 20)

The Authority's external auditor, Grant Thornton, has submitted FOR INFORMATION a report (enclosed with this agenda) setting out the progress made in delivering its audit responsibilities to the Devon & Somerset Fire & Rescue Authority up to 20 June 2016. The report also covers emerging issues and developments.

Also enclosed with this agenda FOR INFORMATION is the Audit Fee Letter for 2016/17.

7 Draft Statement of Accounts 2015/16 (Pages 21 - 78)

Report of the Treasurer (APRC/16/11) attached.

8 Draft Statement of Assurance 2015/16 (Pages 79 - 104)

Report of the Area Manager (Organisational Assurance) (APRC/16/12) attached.

9 Strategic Self Assessment (Pages 105 - 108)

Report of the Area Manager (Organisational Assurance) (APRC/16/13) attached.

10 Devon & Somerset Fire & Rescue Service Performance Report: Quarter 4 2015/16 (Pages 109 - 130)

Report of the Chief Fire Officer (APRC/16/14) attached.

MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Membership:-

Councillors Radford (Chair), Edmunds (Vice-Chair), Coles, Healey, Johnson, Way and Riley.

NOTES

- | | |
|----|---|
| 1. | <p><u>Access to Information</u>
Any person wishing to inspect any minutes, reports or lists of background papers relating to any item on this agenda should contact the person listed in the “Please ask for” section at the top of this agenda.</p> |
| 2. | <p><u>Reporting of Meetings</u>
Any person attending a meeting may report (film, photograph or make an audio recording) on any part of the meeting which is open to the public – unless there is good reason not to do so, as directed by the Chairman - and use any communication method, including the internet and social media (Facebook, Twitter etc.), to publish, post or otherwise share the report. The Authority accepts no liability for the content or accuracy of any such report, which should not be construed as representing the official, Authority record of the meeting. Similarly, any views expressed in such reports should not be interpreted as representing the views of the Authority.
Flash photography is not permitted and any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting; focusing only on those actively participating in the meeting and having regard also to the wishes of any member of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairman or the Democratic Services Officer in attendance so that all those present may be made aware that is happening.</p> |
| 3. | <p><u>Disclosable Pecuniary Interests (Authority Members only)</u>
If you have any disclosable pecuniary interests (as defined by Regulations) in any item(s) to be considered at this meeting then, unless you have previously obtained a dispensation from the Authority’s Monitoring Officer, you must:</p> <ul style="list-style-type: none">(a) disclose any such interest at the time of commencement of consideration of the item in which you have the interest or, if later, as soon as it becomes apparent to you that you have such an interest;(b) leave the meeting room during consideration of the item in which you have such an interest, taking no part in any discussion or decision thereon; and(c) not seek to influence improperly any decision on the matter in which you have such an interest. <p>If the interest is sensitive (as agreed with the Monitoring Officer), you need not disclose the nature of the interest but merely that you have a disclosable pecuniary interest of a sensitive nature. You must still follow (b) and (c) above.</p> |
| 4. | <p><u>Part 2 Reports</u>
Members are reminded that any Part 2 reports as circulated with the agenda for this meeting contain exempt information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s). Members are also reminded of the need to dispose of such reports carefully and are therefore invited to return them to the Committee Secretary at the conclusion of the meeting for disposal.</p> |
| 5. | <p><u>Substitute Members (Committee Meetings only)</u>
Members are reminded that, in accordance with Standing Order 35, the Clerk (or his representative) must be advised of any substitution prior to the start of the meeting. Members are also reminded that substitutions are not permitted for full Authority meetings.</p> |

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AUDIT & PERFORMANCE REVIEW COMMITTEE

(Devon and Somerset Fire and Rescue Authority)

11 April 2016

Present:-

Councillors Edmunds, Healey, Radford (Chair) and Singh.

Apologies:-

Councillors Horsfall, Randall Johnson and Way.

APRC/24 Minutes of previous meeting held on 14 January 2016*

RESOLVED that the Minutes of the meeting held on 14 January 2016 be signed as a correct record.

APRC/25 Grant Thornton Audit Progress Report*

The Committee received for information a report submitted by the Authority's external auditor, Grant Thornton, setting out the progress made in delivery of its audit responsibilities to the Devon & Somerset Fire & Rescue Authority (the Authority) up to 24 March 2016. The report also covered emerging issues and developments, including the reform of local government, innovation in public financial management and IFRS 13 "Fair Financial Measurement", amongst other matters.

The report also covered:

- (i) ISA240 Letter – Treasurer's response; and,
- (ii). ISA240 Letter – Chair's response.

APRC/26 External Audit Plan 2016/17*

The Committee received for information an external audit plan for the year ending 31 March 2016 from the Authority's auditors, Grant Thornton, that gave an overview of the planned scope and timing of the external audit process as required by the International Standard on Auditing (UK & Ireland) 260. The document provided an understanding for the Committee of the external audit work and which also identified issues of materiality and areas of significant and other risks for the Service.

The Committee noted that Grant Thornton would be focussing on the Service's key risks, including the Integrated Risk Management Plan and Asset Strategy, financial, sickness absence and performance in its audit plan for 2016/17.

APRC/27 2015/16 Internal Audit Year End Report*

The Committee received for information a report of the Audit & Review Manager (APRC/16/3) that set out the 2015-16 internal audit year-end report and which also provided the assurance statements needed for the audits that had been completed.

The Committee noted that, at the end of March 2016 the assurance tracker showed that there were 34 open high or high/medium internal audit recommendations outstanding, of which only 25 were overdue, which was a significant improvement on the position at quarter 3 of 2015 -16. The Committee was assured that the audit process demonstrated that the Authority had good levels of internal control in place.

APRC/28 Proposed Change of Strategy - Internal Audit and Review*

The Committee considered a report of the Area Manager – Organisational Assurance – (APRC/16/4) that outlined the work that had been undertaken to review the existing audit strategy and methodology. The report also set out the proposed future strategy and methodology which would be based on:-

- the development and introduction of an effective self-assessment audit and review toolkit to be used at all Directorate/Service Leadership Team levels;
- processes for validation of the internal self-assessment – based around the Health and Safety Guidance Note (HSG) 65 which could be operate around the Service’s existing enabling strategies, planning and governance framework and enable cross mapping to other tools such as EFQM;
- the creation and maintenance of a strategic organisational assurance map that will visually provide management, Members and external auditors with a clear picture of the status of the Service.

It was intended that this strategy would be validated by the Authority’s external auditor to provide an assurance that this approach was fit for purpose and met recognised standards.

RESOLVED that the Committee endorses the approach taken to review the Audit and Review Strategy on the basis set out within section 3 of report APRC/16/4.

APRC/29 Internal Audit Plan 2016/17*

The Committee considered a report of the Area Manager – Organisational Assurance – (APRC/16/5) that set out the proposed 2016 -17 Internal Audit Plan, which involved a total of 260 audit days split between strategic reviews, compliance reviews and audit health checks.

RESOLVED that the 2016-17 Internal Audit Plan as set out within report APRC/16/5 be approved.

APRC/30 2015/16 Annual Statement of Assurance*

The Committee considered a report of the Area Manager – Organisational Assurance – (APRC/16/6) that set out the proposed process for the production of the 2015-16 Annual Statement of Assurance which was required in accordance with the provisions in the Account and Audit (England) Regulations 2011. The report outlined the preliminary work that had been undertaken to date in the preparation of the draft Annual Statement of Assurance and the timescales involved and which also sought the participation of the Committee to ensure that Members were satisfied that the process followed for production of this document was robust.

RESOLVED

- (a) That workshops be held for a maximum of three members of the Committee (membership to be confirmed by email to allow those Members not present to express an interest) to inform production of the draft 2015-16 Statement of Assurance prior to submission of the draft for approval in principle by the Committee;
- (b) That subject to (a) above, the report be noted.

APRC/31 Corporate Risk Register 2016/17*

The Committee received for information a report of the Area Manager – Organisational Assurance – (APRC/16/7) that set out the aims of the Service's risk management approach which was to:

- Protect the assets of the Service;
- Ensure service continuity; and,
- Facilitate innovation and opportunity.

It was noted that the Service maintained a Corporate Risk Register which detailed the risks and the action being taken to mitigate against them with an appropriate management strategy in place. The Area Manager – Organisational Assurance – indicated that the Corporate Risk Register would be submitted to the next meeting of the Committee so that Members could see at first hand the issues recorded.

APRC/32 Update on Peer Review*

The Committee received for information a report of the Area Manager – Operational Assurance (APRC/16/8) that set out the progress that had been made with the instigation of the actions arising out of the Peer Review report which was received by the Fire & Rescue Authority in September 2014.

The Fire Peer Challenge was a voluntary process managed by and delivered for the sector, providing a mechanism for the provision of information to facilitate the challenge of operational service delivery. The peer review for Devon & Somerset Fire & Rescue Service was undertaken in the autumn of 2014 and, operationally, this focussed on firefighter safety arrangements including the key areas for assessment of community risk management, response and training and development. In addition, the review covered:

- Leadership and governance;
- Organisational capacity to meet needs;
- Outcomes for local citizens.

The report set out the progress that had been made by the Service in driving forward the suggestions that had been made for improvements in the key areas set out above.

APRC/33

Group Accounts for Devon & Somerset Fire & Rescue Service & Red One Ltd.*

The Committee considered a report of the Treasurer (APRC/16/9) that set out the position in respect of the provision of group accounts for the Authority's trading company, Red One Limited. Under the Chartered Institute for Public Financial Accountants Code of Practice, the Authority was able to take a view on materiality when presenting group accounts. Following discussion with the external auditor, Grant Thornton, it was the Treasurer's view that the activities of Red One Limited were not material to the Authority's Statement of Accounts and therefore, it was recommended that the accounts were not consolidated.

RESOLVED that the accounts of Red One Limited be not consolidated into group accounts for the 2015/16 financial year.

APRC/34

Devon & Somerset Fire & Rescue Service Performance Report: January to December 2015*

The Committee received for information a report of the Chief Fire Officer (APRC/16/10) that set out the Service's performance for the period January 2015 to December 2015 (with a focus on quarter 3 of 2015/16) as measured against the indicators in the current Strategic Plan "Our Plan: 2015 to 2020).

The key measures set out within the report were given a green, amber or red rating according to whether performance was normal, needed monitoring or required investigation. A more rounded analysis of data was carried out to assess performance which included looking at the latest 3 months of the reporting period, the latest 12 months of the reporting period, trend analysis and performance against calculated thresholds.

Using this methodology, further investigation had been carried out into the cause of the increase in fire related injuries (measure 2) which had risen in the period January to December 2015. Actions such as improving the availability of first aid training for the first person on scene had been introduced already over the previous 24 months to mitigate against this. In some other fire and rescue services, it had been identified that a follow up call some days after a fire was carried out to assess whether a person taken to hospital was then subsequently discharged without treatment. If no treatment was given, that record would then be removed from the data. This had been identified as good practice and would assist fire & rescue services in the provision of more accurate data.

The Committee noted that there had been 2 fire deaths (measure 1) in quarter 3 of 2015/16 which had raised the total number of fire deaths to 10 in the period January to December 2015. Whilst still low numbers, this equated to a 150% increase on the same period in 2014/15. The question was raised as to whether the location of the fire deaths could be added into the commentary in the report and the Chief Fire Officer replied that this would be included within future reports.

The performance against measures 3 to 8 had remained stable on the whole with green ratings. Reference was also made to the position on sickness absence which continued to show an improvement as compared to 2014/15. Of particular note was the point that the number of staff on long term sickness absence had reduced from 29 in October 2015 to 15 in January 2016.

Review of Performance Measures*

The Committee received for information a presentation given by the Area Manager – Analysis and Development – that set out the process that was being followed for the review of the internal performance measures which was underway.

The performance measures were being aligned to the Authority's strategic priorities, namely:

- Priority 1 – public safety;
- Priority 2 – staff safety;
- Priority 3 – efficiency and effectiveness.

The Committee noted that it was important for the measures to be aligned to the corporate priorities but additionally, at local level this would also align to both departmental and local community plans within areas. Workshops were being arranged in which Members of the Authority would be invited to participate and engage and further information on the arrangements would be circulated in due course.

***DENOTES DELEGATED MATTER WITH POWER TO ACT**

The meeting started at 10.00 am and finished at 12.05 pm

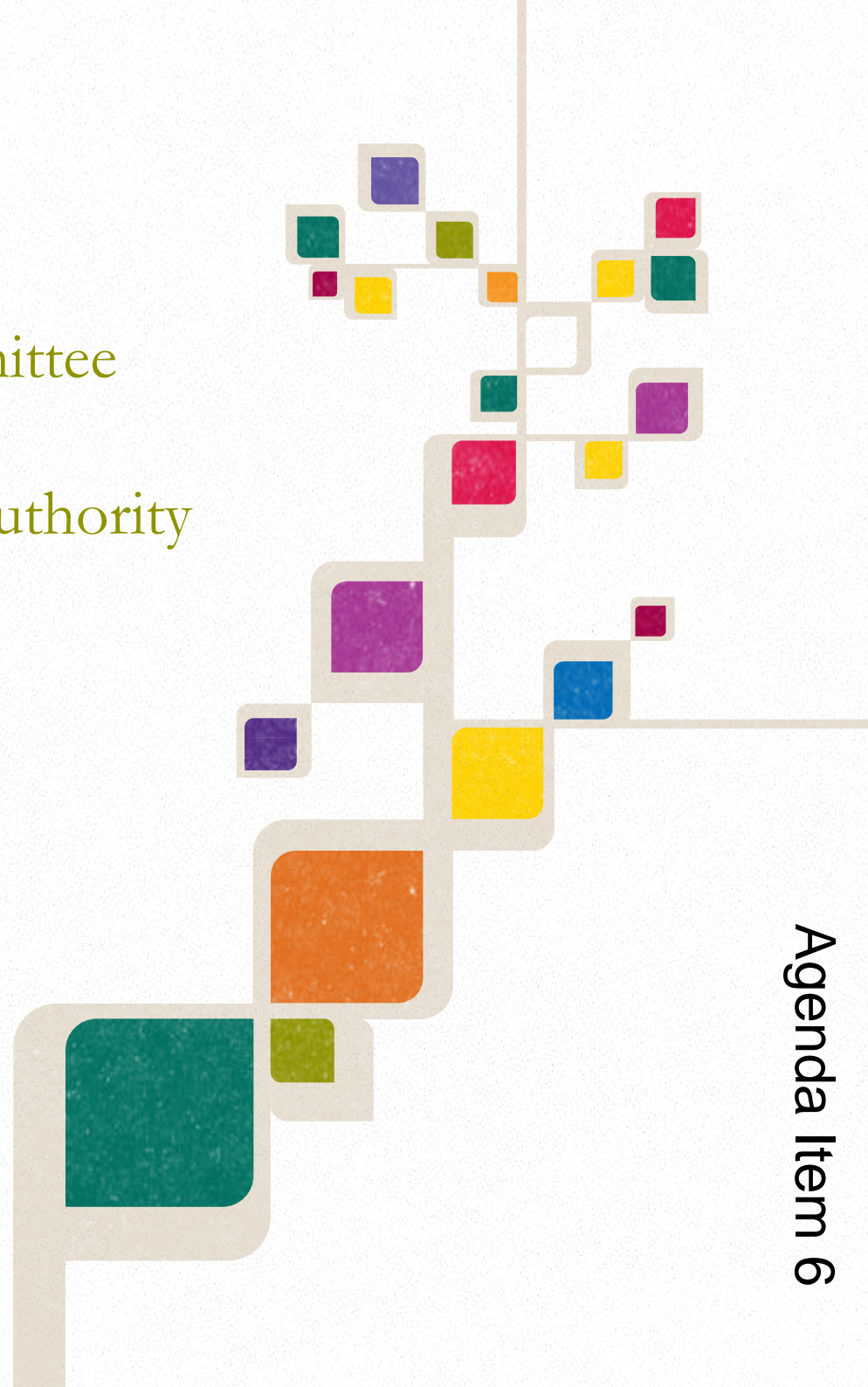
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Audit and Performance Review Committee Update Devon and Somerset Fire & Rescue Authority

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Year ended 31 March 2016
June 2016

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Introduction

This paper provides the Audit and Performance Review Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit and Performance Review Committee can find further useful material on our website www.grantthornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

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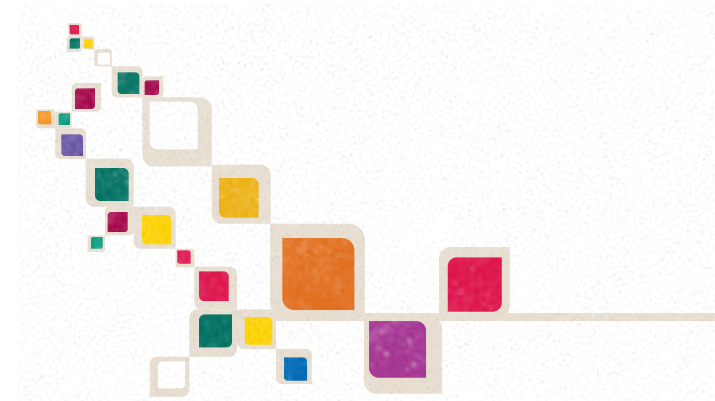
- Mental health collaboration: 'Joining up the dots, not picking up the pieces' (April 2016)
<http://www.grantthornton.co.uk/en/insights/partnership-working-in-mental-health/>
- Better Together: Building a successful joint venture company (April 2016)
<http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

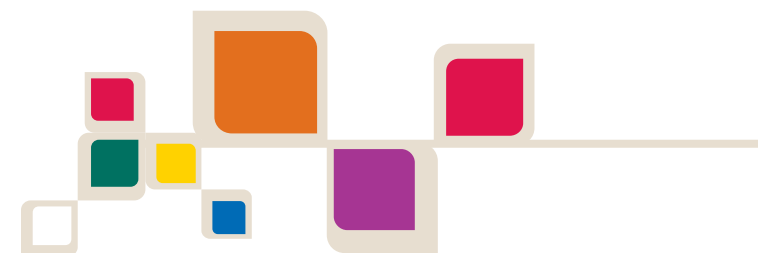
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

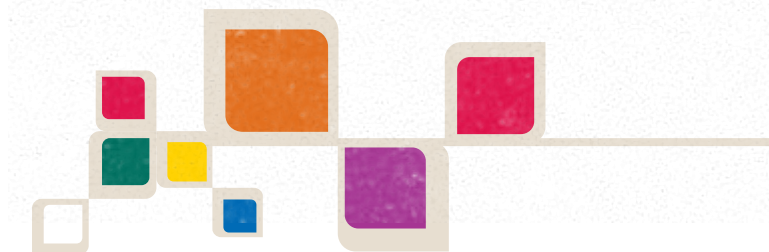


Progress to date



2015/16 work	Planned Date	Complete?	Comments
<p>Fee Letter</p> <p>We are required to issue a 'Planned fee letter for 2015/16' by the end of April 2015.</p>	April 2015	Yes	The 2015/16 fee letter was issued in April 2015
<p>Accounts Audit Plan</p> <p>We are required to issue a detailed accounts audit plan to the Authority setting out our proposed approach in order to give an opinion on the Authority's 2015/16 financial statements.</p>	April 2016	Yes	The Audit Plan was presented to your April meeting.
<p>Interim accounts audit</p> <p>Our interim fieldwork visits include:</p> <ul style="list-style-type: none"> • updating our review of the Fire Authority's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. 	January – February 2016	Yes	The findings from our interim audit were reported in the Audit Plan, which was considered at your April meeting.
<p>Final accounts audit</p> <p>Including:</p> <ul style="list-style-type: none"> • audit of the 2015/16 financial statements • proposed opinion on the Fire Authority's accounts • proposed Value for Money conclusion. 	August – September 2016	Not started	We will undertake work on your draft financial statements to provide an opinion by the statutory deadline. The final accounts audit is scheduled to start on 8 August 2016.

Progress to date



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2015/16 work	Planned Date	Complete?	Comments
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work to inform the 2015/16 VfM Conclusion requires conclusions on whether:</p> <p><i>"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".</i></p> <p>This change of guidance was issued by the National Audit Office in November 2015. The Code requires auditors to satisfy themselves that; "the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".</p> <p>The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties 	<p>January – August 2016</p>	<p>In progress</p>	<p>Our audit plan set out the findings of our initial risk assessment.</p> <p>The results of our work will be reported in our Audit Findings Report, which will be presented to the September Committee meeting.</p>
<p>Annual Audit Letter</p> <p>We will summarise all the work completed as part of our 2015/16 audit within one letter which will be issued after the opinion.</p>	<p>October 2016</p>	<p>Not started</p>	

Fire Sector Accounting and other issues

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Health and Safety in the Fire and Rescue Service

The Health & Safety Executive (HSE) does not undertake a proactive programme of inspections across the FRS sector due to the good historical safety record and proactive culture with the FRS sector. To ensure these high standards remain the HSE works closely with Chief Fire Officers Association (CFOA) to understand developments and support continuous improvement. The good working relationship between CFOA and HSE fire policy officers means firefighter safety in the operational environment is being discussed at a high level and work to implement change and best practice is being carried out.

Work between the CFOA and the national Health and Safety Executive means the importance of firefighter safety remains at the forefront of Fire and Rescue Services agenda. *'Health and Safety in the Fire and Rescue Service – Embedding Lessons Learned'*, is a jointly produced document by the Chief Fire and Rescue Advisors in England & Wales, HM Fire Service Inspectorate in Scotland and the Health and Safety Executive but with full support and involvement of CFOA. Please see the document produced as a result of the work. <http://www.cfoa.org.uk/20752>

The document is seen as a simple and cost effective way to keep the health and safety of firefighting staff on the agenda. It touches upon a number of subjects, with particular emphasis as a reminder to all UK FRSs that lessons learned must be recognised at the initial stages of planning and development within organisations. Roy Wilsher, CFOA Director of Operations said: 'This is a very significant piece of work as it recognises the considerable progress that Fire and Rescue Services have made in their understanding of health and safety and balancing risk against benefit. I am pleased to be able to say that this has been achieved through the excellent working relationship between CFOA, the HSE, CFRA in England and Wales, HM Fire Service Inspectorate in Scotland and other partner agencies.'

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Grant Thornton Publications

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Partnership working in mental health

Our summary report of our mental health collaboration summit looks at how we can join the dots in healthcare services.

Mental ill health costs the economy over £100 billion each year and affects one in four people. However, responding to issues related to an underlying mental illness does not solely sit within the remit of health professionals. With many parts of the public sector needing to respond, and each facing significant financial pressures, collaboration around this issue is essential if savings are to be found and the best care provided.

This paper draws together examples of successful collaboration between public services and feedback from a Midlands round table discussion – where the West Midlands Combined Authority has set up a mental health commission – to look at how different services have overcome some of the traditional barriers and demarcation lines between organisations.

There are four key messages:

1. The unpredictable nature of mental health symptoms can mean that the first point of contact is via emergency services, with ambulance, fire and rescue or police officers being present. The cost of services not being available at the right place at the right time can be huge, in terms of the personal suffering of individuals and costs to the wider system.

2. Often relatively modest amounts of money targeted at specific initiatives such as street triage or community cafes can make a huge difference in improving the availability of important services.

3. An impact can be made without the need for expensive structural change. Most importantly, it requires a genuine approach to collaboration and a culture of putting the patient first.

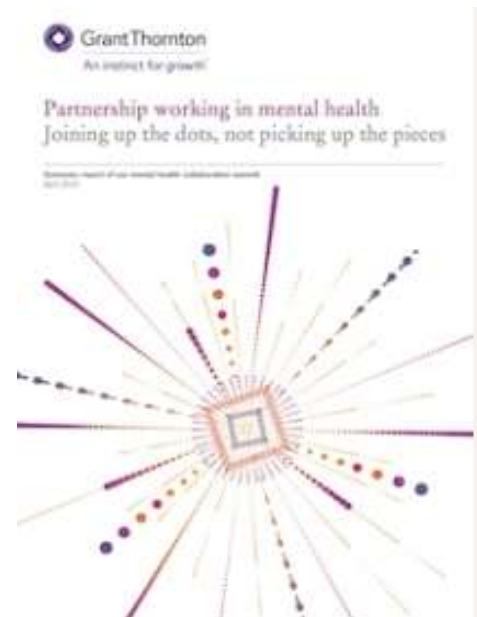
4. Investing in collaborative initiatives that focus on the needs of mental health patients were undoubtedly resulting in savings elsewhere to the public purse. Examples include:

- 92% reduction in detentions under section 136 of the Mental Health Act in Cheshire and Wirral; 50% reduction in Birmingham and Solihull; 39% in Nottinghamshire; 30% in Kent
- 647 A&E attendances avoided by one street triage team in one year in Birmingham and Solihull
- 80% remission in psychosis through early intervention in Derbyshire
- 25% of unemployed users of the café run by the Manchester Mind Young Adults Services and Projects team have gone on to find employment.

A set of recommendations on how to move this approach forward is also provided.

Our report can be downloaded from our website: <http://www.grantthornton.co.uk/en/insights/partnership-working-in-mental-health/>

Grant Thornton reports



Better Together: Building a successful joint venture company

Local government is evolving as it looks for ways to protect front-line services. These changes are picking up pace as more councils introduce alternative delivery models to generate additional income and savings.

Page 15

'Better together' is the next report in our series looking at alternative delivery models and focuses on the key areas to consider when deciding to set up a joint venture (JV), setting it up and making it successful.

JVs have been in use for many years in local government and remain a common means of delivering services differently. This report draws on our research across a range of JVs to provide inspiring ideas from those that have been a success and the lessons learnt from those that have encountered challenges.

Key findings from the report:

- JVs continue to be a viable option – Where they have been successful they have supported councils to improve service delivery, reduce costs, bring investment and expertise and generate income
- There is reason to be cautious – Our research found a number of JVs between public and private bodies had mixed success in achieving outcomes for councils
- There is a new breed of JVs between public sector bodies – These JVs can be more successful at working and staying together. There are an increasing number being set up between councils and wholly-owned commercial subsidiaries that can provide both the commercialism required and the understanding of the public sector culture.

Our report, Better Together: Building a successful joint venture company, can be downloaded from our website: <http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/>

Grant Thornton reports



ALTERNATIVE SERVICE DELIVERY MODELS IN LOCAL GOVERNMENT

Better together
Building a successful
joint venture company





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12 April 2016

Dear Kevin

Planned audit fee for 2016/17

The Local Audit and Accountability Act 2014 provides for the introduction of a new framework for local public audit. Under these provisions, the Audit Commission closed in March 2015 and the Secretary of State for Communities and Local Government delegated some statutory functions from the Audit Commission Act 1998 to Public Sector Audit Appointments Limited (PSAA) on a transitional basis.

PSAA will oversee the Commission's audit contracts for local government bodies until they end in 2018, following the announcement by the Department for Communities and Local Government (DCLG) that it will extend transitional arrangements until 2017/18. PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

Scale fee

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timescales'.

There are no planned changes to the overall work programme for local government audited bodies for 2016/17, bar the adoption of new measurement requirements for the Highways Network Asset. As Devon and Somerset Fire Authority do not have a Highways Network Asset, this does not apply..

PSAA have proposed that 2016/17 scale audit fees are set at the same level as the scale fees applicable for 2015/16. The Authority's scale fee for 2016/17 has been set by PSAA at £33,820.

The audit planning process for 2016/17, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and guidance for auditors from April 2015. Audits of the accounts for 2016/17 will be undertaken under this Code, on the basis of the work programme and scale fees set out on the [PSAA website](#). Further information on the NAO Code and guidance is available on the [NAO website](#).

The scale fee covers:

- our audit of your financial statements
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion)
- our work on your whole of government accounts return (if applicable).

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

Value for Money conclusion

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its guidance for auditors on value for money work in November 2015. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2016	8,455
December 2016	8,455
March 2017	8,455
June 2017	8,455
Total	33,820

Outline audit timetable

We will undertake our audit planning and interim audit procedures in November 2016 to February 2017. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in August 2017 and work on the whole of government accounts return in September 2017.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	November 2016 to February 2017	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	June to Sept 2017	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	Jan to Sept 2017	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	September 2017	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2017	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.

Our team

The key members of the audit team for 2016/17 are:

	Name	Phone Number	E-mail
Engagement Lead	Peter Barber	0117 305 7897	peter.a.barber@uk.gt.com
Engagement Manager	Mark Bartlett	0117 305 7896	mark.bartlett@uk.gt.com

Additional work

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Council.

Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Jon Roberts, our Public Sector Assurance regional lead partner, via jon.roberts@uk.gt.com.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Barber', with a stylized flourish at the end.

Peter Barber
Engagement Lead
For Grant Thornton UK LLP

Agenda Item 7

REPORT REFERENCE NO.	APRC/16/11
MEETING	AUDIT AND PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	28 JUNE 2016
SUBJECT OF REPORT	DRAFT STATEMENT OF ACCOUNTS 2015-2016
LEAD OFFICER	TREASURER
RECOMMENDATIONS	<i>That the Committee notes the draft 2015-2016 Statement of Accounts.</i>
EXECUTIVE SUMMARY	<p>Approval of the Authority's accounts in any given financial year is a function delegated to this Committee. Until 2011 the relevant Regulations required that draft accounts be approved by 30 June, with final audited accounts approved by 30 September. However the Regulations have now changed and only require approval of the final, audited accounts by 30 September. Nonetheless, it is considered best practice that draft accounts be considered by the Committee prior to the formal approval cycle.</p> <p>A draft (subject to external audit) set of accounts for 2015-2016 is included with this report as Appendix A. A final set of audited accounts will be reported to the next meeting of this Committee for approval on the 12th September 2016.</p>
RESOURCE IMPLICATIONS	As indicated in the report.
EQUALITY IMPACT ASSESSMENT	An initial assessment has revealed that there are no equality issues arising from this report.
APPENDICES	<p>A - Briefing Note relating to the Authority's Pension Funds</p> <p>B - Draft Statement of Accounts 2015-2016 (page numbered and enclosed separately).</p>
LIST OF BACKGROUND PAPERS	Financial Outturn Report 2015-16 – report reference DSFRA/16/13 as reported to the meeting of DSFRA held on the 26 th May 2016.

1. INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2015 require the Authority's draft Statement of Accounts to be prepared by the 30 June each year and to be certified by the Chief Finance Officer by this date as representing "a true and fair view of the financial position of the Authority as at 31 March". The updated regulations also require the draft Accounts to be published on our website by the 30 June each year.
- 1.2 Regulations do not require the draft Accounts to be formally considered and approved by the Committee until they have been subject to audit, but that they must be approved by the 30 September following consideration of the audit opinion. However it is considered best practice for the Committee to consider the draft accounts prior to the audit in order to seek assurances that the accounts are complete and report any significant issues.
- 1.3 A draft set of Accounts for 2015-16 are included as Appendix A and a summary of the key figures included within the financial statements is provided within this report. The Treasurer will present the Accounts at the meeting which will provide an opportunity for more detailed questions to be raised.
- 1.4 A final set of audited accounts, along with the annual audit report, will be reported to the next meeting of this Committee to be held on the 12th September, for approval.

2. 2015-16 STATEMENT OF ACCOUNTS

- 2.1 The draft Accounts are included with this report as Appendix B. The four key statements to be considered are:
- The Comprehensive Income and Expenditure Statement (CIES)
 - The Movement in Reserves Statement (MIRS)
 - The Balance Sheet.
 - The Cash Flow Statement.

The Comprehensive Income and Expenditure Statement (CIES)

- 2.2 *This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost.*
- 2.3 The CIES, as reported on Page 17 of the accounts, reports a retained **deficit** for the year of £19.693m. This figure differs significantly from the £1.878m **surplus** as reported to in the meeting of the Authority in May 2016 as included in the 2015-16 Financial Outturn Report. The difference in reported figures is because the CIES includes a number of accounting costs that do not impact on taxation e.g. depreciation (£7m) and increases in actuarially assessed pension liabilities (£21m). A full breakdown of these accounting costs are shown in Note 20 page 34 of the accounts, and summarised in Table 1 overleaf.

TABLE 1 - CIES COMPARISON TO BUDGET

	£m
Total Spending	72.832
Government Grant and Council Tax Income	(74.710)
NET SURPLUS (as reported to management in Outturn Report)	(1.878)
<i>Amounts in the CIES not reported to management</i>	
Depreciation and impairment	7.684
Net charges made for retirement benefits	21.417
Spending from Earmarked Reserves	1.570
Other (Net)	(0.352)
	30.319
<i>Amounts in management information not included in the Cost of Services in the CIES</i>	
Minimum Revenue Provision/Direct Revenue funding to capital	(1.828)
Direct Revenue Funding to Capital	(1.178)
Transfer to Earmarked Reserves	(5.739)
	(8.745)
COST OF SERVICES IN CIES (as reported in the Statement of Accounts)	19.693

The Movement in Reserves Statement (MIRS)

2.4 This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'USABLE reserves' and 'UNUSABLE reserves'.

USABLE reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

UNUSABLE reserves comprises those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold;

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

2.5 The MIRS, as reported on Page 20 of the accounts, reports an increase in USABLE reserves from £23.7m as at 31 March 2015 to £29.8m as at 31 March 2016, i.e. an increase of £6.1m.

The Balance Sheet

- 2.6 The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves (Usable and Unusable) held by the Authority.
- 2.7 The Balance Sheet, as reported on Page 18 of the accounts, reports the net liability position of the Authority as at 31 March 2016 as £545.683m (£579.008m as at 31 March 2015), matched by USABLE and UNUSABLE reserves of £545.683m.
- 2.8 It should be emphasised, however, that this figure includes a large liability in relation to future pension liabilities of £658.061m, as required to be reported under International Accounting Standard (IAS) 19 & IAS20. It should be emphasised that this liability position does not cause the Authority any funding concerns and the inclusion of the pension liability is required to highlight the build-up of future pension liabilities. This reflects the fact that the pension costs of firefighters, as is the case for police officers, are not paid from a fully funded pension scheme.
- 2.9 Given the more complex funding arrangements associated with the firefighter pension's scheme a Briefing Note is provided at Appendix A to summarise the different pension schemes operated within DSFRS and the reporting of costs.

The Cash Flow Statement

- 2.10 The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The Statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.
- 2.11 The cash flow statement, as reported on Page 19 of the accounts, shows a reduction in cash balances from £13.936m as at 31 March 2015 to £8.338m as at 31 March 2016 i.e. reduction of £5.598m. It should be noted that included in this figure is cash that is invested in short-term investments i.e. less than 3 months.

Notes to the Accounts

- 2.12 Notes 1 to 32 of the accounts provide a further breakdown of figures included in the four key statements, together with statutory information such as member's allowances, senior officer's remuneration and related party transactions.

3. AUDIT OF ACCOUNTS 2015-16

- 3.1 The Accounts will be subject to audit inspection by Grant Thornton during the summer following which they will issue an Annual Governance Report to include an opinion on the Financial Statements. This report will be considered at the next meeting of this Committee on the 12th September 2016, following which the Accounts must be published by the 30th September.

KEVIN WOODWARD
Treasurer

BRIEFING NOTE ON DSFRS PENSION FUNDS

FIREFIGHTERS PENSION FUND

Most firefighters belong to one of two pension schemes:

Firefighters Pension Scheme (FPS)

New Firefighters Pension Scheme (NFPS)

Prior to 2006 the in-year costs of meeting monthly firefighters pensions and one off commutations relating to ill health or normal retirement lump sums had to be met by the fire service. The flexibility as to when a firefighter chose to retire meant that, particularly in relation to commutations, where a typical retirement lump sum could indicatively be in the region of three times normal annual salary this led to sizeable fluctuations and uncertainty within the fire service revenue budget.

Following consultations, in 2006 the Department for Communities and Local Government (CLG) created a Pension Fund. Into this fund would be paid employees and employers superannuation contributions (income) and out of it would be paid pensions and commutations (expenditure). The fire service is responsible for the administration of the Fund and maintains a unique code within its ledger for it. Each year DSFRS predicts the income and expenditure for the Fund and where expenditure exceeds income (which is always going to be likely), the CLG commit to paying a top up grant so that the Fund is balanced to zero at year end.

Some costs still remain with the fire service and are charged to the revenue budget. Prior to 2006 retained firefighters were unable to join a pension scheme, so if, because of injury or ill health they had to leave the service their retirement benefits were calculated using the Compensation Regulations. These historic pensions are still met by the service. Similarly, if a firefighter leaves today as a result of injury, the injury element of their pension and their injury lump sum is met by the service whilst the ill health element may be charged to the Fund but only on the proviso that a penalty payment is paid into the Fund by the service. Within the revenue budget for 2015-16 there was £2.7m to meet all these costs.

For information, it is inadvertently charging injury pensions to the Fire Fund which has resulted in Essex Fire Authority needing to recompense the CLG in the sum of £15m.

Also included with the Fund are transfers in and out. This is where a payment becomes payable if a firefighter moves their accrued pension rights from/to another pension scheme or from/to the English fire service family to elsewhere i.e. by transfer to/from the Firefighters pension schemes of Scotland, Wales or Northern Ireland.

The firefighter pension schemes are classed as “unfunded” as there is no specific pot of money set aside to meet the ongoing long-term pension liabilities. Hence the fact that there is a top up grant arrangement through the CLG.

Table 1 overleaf summarises what is charged to either the DSFRS revenue budget or the Fund and cross references to an extract from the draft 2015-16 Statement of Accounts (SOA) Pension Fund table.

Table 1. Costs and Income relating to fire pensions

Costs met by individual	Costs met by the fire service revenue budget	Income into Firefighters Pension Fund	Expenditure from Firefighters Pension Fund
Employees superannuation contribution	Employer's superannuation contribution. Ill health penalty charge. Injury pensions and commutations. Retained ill health pensions prior to 2006	Employees ((c) in SOA extract) and Employer's ((a) in SOA extract) superannuation. Ill health penalty charge ((b) in SOA extract). Transfers in from outside English Fire Authorities	Retirement, ill health, widows and dependant pensions ((e) in SOA extract). Retirement and ill health commutations ((e) in SOA extract). Transfers out to outside English Fire Authorities (h) in SOA extract)

Table 2. Extract from 2015-16 DSFRA Statement of Accounts Pension Fund

Firefighter Pensions Fund	2015-16 £000	2014-15 £000
Contributions receivable from:		
Fire authority:-		
a) contributions in relation to pensionable pay	(4,858)	(4,935)
b) early ill health retirements	(410)	(228)
c) Firefighters contributions	(5,449)	(4,240)
	(10,717)	(9,403)
Transfers In	(42)	-
Benefits payable		
d) pensions	15,664	14,573
e) commutations and lump sum benefits	5,032	1,538
f) lump sum death benefits	-	33
g) Government Actuary Department Arrears	2,217	
Payments to and on account of leavers		
h) transfers out	-	247
Net amount payable for the year	12,154	6,988
Top up grant payable by the government	(12,154)	(6,988)

LOCAL GOVERNMENT PENSION SCHEME

All support staff (and non-operational firefighters) within the Service have the option to join the Local Government Pension Scheme (LGPS). If they so choose they will become beneficiaries of the Devon LGPS Fund which is classed as a “funded” scheme. Devon County Council is responsible for the Devon LGPS fund and the contributions paid into the scheme are invested in a variety of bonds and shares by the fund’s investment management team. Through these investments the fund can build up enough assets to cover any payments of scheme members’ retirement benefits.

In addition to the normal superannuation contributions which are paid into the fund by both employees and the employer (the fire service), there are also things called strain payments. These become due from an employer if they allow their employee to gain access to their full pension before normal pension age (retirement age when full pension benefit has built up). It’s similar to the ill health penalty payment due within the fire schemes – in that the intention is to make a financial contribution which compensates the fund for the “lost” superannuation contributions because the employee is no longer working.

The following table summarises what is charged to either the Authority’s revenue budget or the LGPS Devon Fund.

Table 3. Costs and Income relating to LGPS pensions

Costs met by individual	Costs met by the fire service revenue budget	Income into Devon LGPS Fund	Expenditure from Devon LGPS Fund
Employees superannuation contribution	Employer’s superannuation contribution. Strain payments if employer allows employee to leave and draw full pension before normal pension age	Employees and Employer’s superannuation. Strain payments. Transfers in from other pension funds. Investment income.	Retirement, ill health, widows and dependant pensions. Retirement and ill health commutations. Transfers out to other pension funds.

DSFRA revenue budget

For completeness, an extract from the normal budget monitoring report, which Members of Resources Committee receive, is shown below giving a cross reference to where the costs met by the fire service revenue budget are contained.

Table 4. Subjective analysis of revenue spending – extract from budget monitoring report

Line No	SPENDING
	EMPLOYEE COSTS
1	Wholetime uniform staff – includes Employers superannuation for FPS & NFPS
2	Retained firefighters – includes Employers superannuation for NFPS
3	Control room staff – includes Employers superannuation for LGPS
4	Non uniformed staff – includes Employers superannuation for LGPS & strain payments
5	Training expenses
6	Fire Service Pensions recharge – ill health retained pensions prior to 2006, injury pensions and injury commutations, ill health penalty payments.



DEVON & SOMERSET
FIRE & RESCUE AUTHORITY

Statement of accounts 2015 - 2016



www.dsfire.gov.uk



Acting to Protect & Save

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Devon & Somerset Fire & Rescue Authority - STATEMENT OF ACCOUNTS 2015/16

NARRATIVE REPORT

Introduction

The purpose of these Accounts is to advise stakeholders of the financial performance of the Authority for the financial year ending 31 March 2016. The Accounts are presented in compliance with International Financial Reporting Standards (IFRS). The Accounts are prepared on the basis of a going concern given that the Authority has sufficient resources to fund its financial obligations and has no concerns of its financial viability over the medium term.

The Accounts and Audit Regulations 2015 include a new requirement that local authorities are to include a Narrative Report within their financial statements. This replaces the previous requirement to include an Explanatory Foreword. The main purpose of the report is to provide an explanation of the financial position of the authority and assist in the interpretation of the financial statements.

However the new requirement under regulation 8(2) of the Accounts and Audit Regulations 2015 stipulates that a local authority must provide information on its "financial performance and economy, efficiency and effectiveness in its use of resources over the financial year". Therefore this report now includes a new section to provide readers with an overview of how the use of resources have contributed to the performance and development of the authority during the financial year.

Information on the financial performance of the authority includes four key accounting statements;

Movement in Reserves Statement - This statement shows the movement in the year on all of the different reserves held by the Authority. The reserves are reported under two broad headings; "usable reserves" (which can be used to fund expenditure or reduce local taxation) and "unusable reserves" (which recognise non-cash transactions in/out of reserves e.g. revaluation of an asset.)

Comprehensive Income & Expenditure Statement - This statement reports the cost of providing services based upon generally accepted accounting principles. This cost will differ from the actual expenditure funded from taxation, as there are some costs e.g. depreciation of assets, which are not required to be funded from taxation.

Balance Sheet - This records the assets and liabilities of the Authority as at the end of the financial year.

Cash Flow Statement - This statement shows the movement in cash and cash equivalents during the year. It illustrates how the Authority generates and uses cash and cash equivalents, analysed by operating, investing and financing activities.

Financial Performance for the year

Economic Context

The government has restated its intention to eliminate the structural deficit during the course of the current 5 year parliament and bring into surplus by 2019-20. For an unprotected Service, such as the Fire Service, this means further reductions in local government funding until at least 2019-20. For this Authority the latest Local Government Finance Settlement includes a four-year offer of a reduction in funding of 25% by 2019-20 representing a cash reduction in funding of £7.3m.

Against this backdrop it is imperative for Authority Medium Term Financial Plans to be focused on providing forecasts of budget savings required to 2019-20. So far the Authority has responded well based upon a strategy which has been focused around the three key areas of improving efficiency, reducing costs and increasing income generation. Total recurring budget savings of £12m have already been delivered since 2010. The 2013 Corporate Plan approved by the Authority at its meeting in July 2013 included eleven proposals which when fully implemented will deliver total savings of £6.8m. Because the release of these savings are dependent on natural staff turnover it had always been anticipated that it would take several years to deliver all of these savings. Some of these savings therefore are still to be released after 2016 and will therefore be available to contribute towards future savings requirements. However it is not anticipated that this provide all of the required savings and therefore further savings will need to be identified.

The Service is well ahead in terms of identifying a range of projects to deliver the required savings and will endeavour to implement as soon as possible in order to secure savings at the earliest opportunity. However some projects will take longer than others to deliver cashable savings and it is likely therefore that there will be some call on reserve balances during the next four years to assist in setting a balanced budget.

The Authority has established an Earmarked Reserve specifically to provide funding to enable a smoothing of the impact of the grant reductions over the next 4 years. It is considered that this reserve will also provide required financial contingency against any unforeseen change in circumstances during the next 4 years.

NARRATIVE REPORT

Revenue Spending in 2015/16

Net revenue spending in 2015-16 was £72.8m, compared to an agreed budget of £74.7m, resulting in an underspend of £1.9m. Table 1 below provides a summary of revenue spending in 2015-16 compared with agreed budget headings.

TABLE 1 – SUMMARY OF REVENUE SPENDING 2015-16

	Budget	Spending	Variance
	£m	£m	£m
Employee Costs	55.1	54.4	(0.5)
Premises Related Costs	4	3.8	(0.2)
Transport Related Costs	3.4	3.0	(0.4)
Supplies and Services	5.8	5.0	(0.8)
Establishment Expenses	0.8	0.6	(0.2)
Payments to Other Authorities	0.6	0.6	0.0
Capital Financing	5.8	4.3	(1.8)
Gross Spending	75.5	71.7	(3.9)
Income	(4.3)	(4.6)	(0.2)
Transfer to Reserves	3.5	5.7	2.2
Net Spending	74.7	72.8	(1.9)
Funded By:			
Council Tax Precept	(45.3)		
Business Rates Redistribution	(14.4)		
Central Government Funding	(15.0)		
Total Funding	(74.7)		

An underspend of £1.9m, equivalent to 2.5% of the total revenue budget, has largely been achieved as a consequence of the further implementation of the eleven savings proposals, agreed as part of the 2013 Corporate Plan, which are being delivered over a number of years aligned to natural turnover of staff. In addition, budget managers have responded to the instruction given by the Chief Fire Officer to deliver in-year savings.

Contributions to Earmarked Reserve

At the Fire Authority meeting held on the 26 May 2016 it was agreed that the net underspend of £1.9m be transferred to Earmarked Reserves as shown below. Further detail on all Earmarked Reserve balances is included in Note 18 to the financial statements.

Essential Spending Pressures (£0.6m) – An amount of £0.557m has been earmarked to fund seven identified one-off spending pressures for which no funding has been provided in the 2016-17 base budget.

Direct Funding for Capital Spending (£1.3m) – The remaining underspend of £1.3m to be transferred to the existing Capital Reserve to be used to fund future capital spending therefore reducing future borrowing requirements.

These new contributions, together with in-year transfers to Reserve balances, has increased total Reserves from £23.7m at the beginning of the year to £29.8m as at 31 March 2016, of which £24.5m relates to Earmarked Reserves (committed) and £5.3m to General Reserves (uncommitted).

Contributions to Provisions

The reported spending for 2015-16 includes an additional provision of £66k set aside to fund future firefighter pension costs, which increases the total Provision for future firefighter pension costs to £694k as at 31 March 2016. This balance is considered to be sufficient to fund any costs resulting from case law relating to pensionable allowances and has been based upon information received from the National Employers Council relating to compensatory payments to be made to individual fire-fighters and internal calculations of employer's pension.

Capital Expenditure and Financing 2015/16

The financial statements include capital spending of £6.1m in 2015-16 of which £1.1m has been spent on improvements to fire stations and £5m on replacement fleet and equipment, primarily focused on the continued roll-out of the new concept of replacing the traditional fire appliance with a much smaller type of fire appliance known as a Light Rescue Pump.

Aligned to the Authority strategy to avoid any new external borrowing to fund medium term capital spending, no new borrowing was taken out in 2015-16. Of the total spending of £6.1m an amount of £5 was funded from existing borrowing and the remaining £1.1m from the revenue budget and earmarked reserves.

Authority Borrowing

External borrowing from the Public Works Loan Board (PWLb) as at 31 March 2016 was £25.8m, a reduction of £0.1m from the figure at the beginning of the financial year as a result of principal repayments. All of this debt is at fixed rates which protects interest costs from adverse changes in interest rates in the future.

This debt level is well within the maximum debt level of £29.5m, set by the Authority at the beginning of the financial year as one of its prudential indicators for capital financing.

NARRATIVE REPORT

Pension Liabilities

As at 31 March 2016 the Authority pension liability has been calculated to be £658.1m. This is based on an actuarial assessment and represents accrued benefits of members of the pension schemes that the Authority participates in; the Fire-fighter Pension Schemes (operational staff) and the Local Government Pension scheme (civilian staff). Further details of the assets and liabilities of each scheme are included in note 30 of these Accounts.

The impact of reporting pension assets and liabilities, under the current accounting standards (IAS19), is that all fire and rescue authorities, and also police authorities, find themselves in the position of reporting significant net liability position in the balance sheet. This is because the Fire-fighter Pension Scheme is not a funded scheme, unlike the Local Government Scheme, and therefore has no reported assets to meet future pension costs. It should be emphasised that this liability position does not cause any funding concerns as it does not require any immediate call on Authority reserves. Current accounting standards for the Fire-fighter Scheme require that the Authority only set aside provision for retirement benefits in the year in which the commitment arises.

Assets/Liabilities of the Authority

The balance sheet of the Authority as at 31 March 2016 shows a net liability of £545.7m (£579.0m as at 31 March 2015). This includes the pension liability of £658.1m required to be included under IAS 19.

Performance and Use of Resources

During 2015-16 the authority refreshed its five year strategic plan resulting in the publication of "Creating Safer Communities Our Plan 2016-2021" which can be found at <https://www.dsfire.gov.uk/AboutUs/WhatWeDo/OurCorporatePlan/documents/CreatingSaferCommunities20162021.pdf>. This document provides a summary of the areas of focus during this period all with the objective to make the people who live in, work in and visit our area safer from fire, road collisions and other emergency incidents, while reducing costs and increasing income.

Each of our areas of focus support in one of the three main priorities:

Public Safety - We believe it is better to prevent an emergency from happening in the first place rather than deal with it when it does. To support this belief we work with local communities and partners to educate them in how to reduce the risk of fires and other emergencies and do all we can to help prevent crime and disorder through, for example, our work on reducing incidents of arson.

If a fire does start, we want to make sure people have the best chance of escape and that the disruption to business and the community is kept to a minimum. We will work with businesses to influence and regulate the built environment to protect people, property and the natural environment from harm.

In situations when an emergency response is needed, we will make sure that our resources are appropriately located, reflecting our Integrated Risk Management Plan, so that we have the right resources in the right place at the right time.

Staff Safety - As our work evolves due to the changing demands on our service, we need to make sure that we develop our staff so they have the right skills and values to deliver our services to the community. Our staff need to operate in a safe and supportive working environment and we will provide them with the most appropriate vehicles, equipment and information relevant to the risks they are likely to face.

Effectiveness and Efficiency - We will aim to continuously improve our effectiveness and efficiency. This means that we are working to improve, while at the same time spending less money. To achieve this, we will need to transform the way we work through continuous long-term improvement. We will promote this transformation by involving staff and the community, encouraging innovation and change, and looking for opportunities to do things differently for the benefit of the community. We will learn from other high-performing organisations and focus on activities that support effectiveness and efficiency.

Key Performance Indicators

In Table 2 is a summary of performance against corporate Key Performance Indicators (KPIs) in 2015-16 with a comparison against the previous year.

Measure	2015-16	2014-15	Variance (%)
Non-Financial Indicators			
Number of deaths as a result of fires where people live.	8	8	0.0%
Number of injuries as a result of fires where people live.	83	59	40.7%
Number of fires where people live.	966	976	-1.0%
Number of fire related deaths where people work, visit and in vehicles.	0	2	-100.0%
Number of fire related injuries where people work, visit and in vehicles.	36	36	0.0%
Number of fires where people work, visit and in vehicles.	1,250	1,353	-7.6%
Emergency Response Standard for attendance at Fires where people live (1st appliance to attend within 10 minutes from time of call)	72%	69%	3.7%
Emergency Response Standard for attendance at Road Traffic Collisions (1st appliance to attend within 15 minutes from time of call)	75%	75%	0.0%
Sickness – Rate of shifts lost to sickness per full time equivalent (FTE)	9.15	9.76	-6.3%

NARRATIVE REPORT

TABLE 2 – SUMMARY OF KPIs 2015-16

Measure	2015-16	2014-15	Variance (%)
Financial Indicators			
Revenue Spending within budget.	2.5%	2.7%	0.2%
Capital Spending within budget	24.8%	63.3%	38.6%
General Reserve Levels (%age of Revenue Budget)	7.1%	7.0%	0.1%
Debt Ratio (%age of Revenue Budget)	3.6%	3.6%	0.0%
External Borrowing	£25.817m	£25.944m	-0.1%

Overview of Service Performance in 2015-16

What is the Service doing to reduce fire incidents, injuries and deaths?

Prevention Activities - Between April 2015 and March 2016 the Service has increase resources in conducting 9968 targeted Home Safety Visits (this figure includes 'Level 2 Home Fire Safety Visits', 'Replacement Alarm Visits', 'Level 1 Home Fire Safety Visits' and 'Level 1 Home Fire Safety Checks', but excludes 'Home Safety Follow-up Visits') to those identified as having the most to benefit from our expert guidance and support. We work closely with our colleagues in other agencies and third sector organisations to build partnerships that enable us to ensure that our resources are used to provide maximum benefit to the community.

We engage with our communities in a variety of ways including educating children and young people through schools talks and structured programmes such as Fire Cadets, Phoenix and FireSetters. Between April 2015 and March 2016 the Service has undertaken over 6,000 activities to improve public safety (this figure comprises all Prevention Activities except 'Level 2 Home Fire Safety Visits', 'Replacement Alarm Visits', 'Level 1 Home Fire Safety Visits', 'Level 1 Home Fire Safety Checks' and 'Home Safety Follow-up Visits').

Protection Activities -The year-end report provides an opportunity to review the performance of the Service over the past 12 months. Overall it is pleasing to note that performance against the 8 primary measures has either improved or at least held steady, this implies that the activity being undertaken is having a positive effect be that prevention, protection or response. However, there is more we can do.

Looking Forward

Fire Deaths

Notably we have seen periodic increases in fire injuries and no overall decrease in fire deaths over the 12 month period. The data analysis team are producing a report on the fire-related deaths over the past 5 years to support our understanding of why these tragedies occurred and if there are any lessons to be learned in terms of targeting our activity. The analysis will be fed into the revised Community Safety Strategy currently being written.

Fire Injuries

There is a continued focus on ensuring that a true picture of fire injuries is understood. In the Q3 performance report, we described how the number of fire injuries may have increased following the introduction of FPOS training, which directs staff to ensure that people attend hospital for a check-up, even if their symptoms appear minor. A pilot is now being instigated in the Service to make follow-up visits to people who have been injured in fires to improve customer care after the event, to check our data on the causes of both their fire and the associated injuries, to identify positive and negative aspects of our Service Delivery and to further promote the uptake of home fire safety visits.

Incident Data Capture

The ICT department is embarking on a development with Service Delivery staff aiming to reduce staff time spent on data entry and improving data consistency with a single streamlined process to capture incident data. It will collect incident information that can be fed to the Home Office's Incident Recording System (IRS) and other data relating to the incident together in one place, with the input screens adapting to the entered information so that only relevant additional data is requested. This process will be accessible on a variety of service devices and allow collection of data for the event that is more relevant, accurate, comprehensive and timely. This approach supports the service goals of efficiency and effectiveness and the data can be used to inform activities which support increased community wellbeing through targeted input by DSFRS and our partners.

Sickness - Sickness continues to be a focus for the organisation with varied performance in different staff groups. The overall trend for the Service is improving but where there are smaller numbers of staff the figures can be skewed by the long-term sickness of individuals. We are investing in firefighter fitness for the future and investigating more vocational-based methods of testing the fitness of our operational staff in an effort to further reduce sickness rates and keep appliances available. We have a focus on the mental health and wellbeing of staff which will continue into the new performance year.

Co-responding - The Service has seen an increase in the number of special service calls attended, these are primarily co-responding incidents. As a partner to the South West Ambulance Service we are justly proud of our activity in this area which is saving lives on a daily basis. As the success of our prevention and protection activity continues to reduce the number of fire incidents that we attend we are investigating ways of enhancing our ability to deal with medical emergencies and support our NHS partner in reducing incidents and contributing to community wellbeing.

NARRATIVE REPORT

Conclusion on performance for the year

We are in unprecedented times in terms of the squeeze on public sector spending, and the Authority has no choice but to seek efficiencies within the Service to reduce costs, whilst maintaining the quality of the services that we provide to the community to which we serve. For 2015-16 the Authority has been able to not only deliver the targeted savings required to set a balanced budget but also, through the implementation of its Corporate Plan proposals, to deliver in-year savings which have been transferred to Earmarked Reserves primarily to be used to directly fund future capital investment therefore reducing reliance on external borrowing to fund such spending.

For 2015-16 budget holders across the Service have responded well to the instructions to secure in-year savings, which has enabled the Authority to set aside an additional £1.9m into earmarked reserves.

I would like to take this opportunity to place on record my own thanks to members and officers of the Authority who have played their part in securing the financial health of the Authority during 2015-16.

Kevin Woodward
Treasurer to the Authority

STATEMENT OF RESPONSIBILITIES FOR THE ACCOUNTS

Responsibilities of the Authority

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of those affairs. For the Fire Authority, that Officer is the Treasurer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts

Responsibilities of the Treasurer

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

In preparing the 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.

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.

Treasurer's Certificate

I certify that the Statement of Accounts on pages 17-19 provide a true and fair view of the financial position of the Authority at the accounting data and its income and expenditure for the year ended 31 March 2016.

Kevin Woodward
Treasurer to the Authority
Date: 17/06/2015

STATEMENT OF ACCOUNTING POLICIES

General principles

The Statement of Accounts summarises the Service transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. The Service is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require 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 2015/16 and the Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under the 2015 Act.

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.

Charges to Revenue

The Income and Expenditure Account is charged for the use of capital. These charges comprise of minimum revenue provision (MRP) and depreciation.

Basis of Provision for the Redemption of Debt and External interest

The extent to which the Authority is to set aside an amount each year from its revenue budget to repay debt is laid down in its Minimum Revenue Provision (MRP) Statement, as agreed at the beginning of the financial year. The policy adopted by the Authority is to make a provision based upon 4% of the capital financing requirement for borrowing, which is subject to government support as part of the revenue support grant settlement, and asset life for borrowing which is not subject to such support.

Interest charged on external borrowing, and also interest receivable on investments, is accrued and accounted for in the period to which it relates.

Accruals of Income and Expenditure

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

Revenue is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority. The main source of revenue for the Service is Council Tax and Government Grant.

Where income is received for a specific activity that is to be delivered in the following year, that income is deferred.

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.

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. They are measured at the fair value of the consideration payable.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure 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 revenue 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 debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

The basis on which debtors and creditors at 31 March 2016 are included in the Accounts is as follows:

Creditors are accrued on expenditure to cover goods and services received but not paid for by 31 March 2016. Debtors are accrued on income to cover goods and services provided before 31 March 2016 but for which no payment has been received.

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 Authority's cash management.

STATEMENT OF ACCOUNTING POLICIES

Prior Period Adjustments, Changes in Accounting Policies and Estimates 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 estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

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 on the 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.

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

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

depreciation attributable to the assets used by the relevant service
revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
amortisation of intangible fixed assets attributable to the service.

The 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 authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance [MRP or loans fund principle], by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

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 and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. 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. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. Benefits are charged on an accruals basis to the Non Distributed Costs line 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.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

STATEMENT OF ACCOUNTING POLICIES

Post Employment Benefits

The treatment of pension costs in these accounts complies with the Code of Practice on Local Authority Accounting for 2015/16, which requires adoption of IAS19 Employee Benefits.

The Authority participates in five different pension schemes to meet the needs of the employees. Each scheme provides members with defined benefits related to pay and service. Each of these schemes is administered by Peninsula Pension Services under a Service Level Agreement.

(a) Uniformed Staff

From 6th April 2015, the Firefighters pension 2006 and 2006 modified schemes were closed to new entrants and replaced with the new Firefighters pension scheme 2015. Both these schemes and the previous 1992 scheme are unfunded. The Authority is responsible for deducting contributions from current employees to be paid into the Pensions Account, together with an employer's contribution based upon a rate set by the Government Actuary Department (GAD). The last valuation was undertaken in March 2012.

(b) Civilian Staff

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Scheme through the Pension Fund, which is administered by Devon County Council. The employer's contribution rate for those employees in the scheme is based on advice from the Fund's Actuary who carries out regular actuarial valuations. The last valuation was undertaken in March 2013.

Pensions Reserve and Impact on Council Tax

For both schemes, the pension costs charged in the accounts are as introduced by the reporting requirements of the Standard IAS19. This means that the figures are calculated on an actuarial basis to reflect the Authority's share of the increase in the present value of pension liabilities arising from employee service in the current period.

It is a statutory requirement that the cost of pension's benefits to be funded by taxation are those cash payments made in accordance with the scheme requirements. These payments do not match the change in the Authority's pension assets or liabilities for the same period including the real cost of retirement benefits earned during the year by Authority employees. The difference between the cost charged against taxation and the real cost of retirement benefits is represented by an appropriation to the pensions reserve, which equals the net change in the pensions liability recognised in the Comprehensive Income & Expenditure Account.

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the 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. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

STATEMENT OF ACCOUNTING POLICIES

Financial Assets

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in 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 loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Government Grants and Contributions

Revenue Support Grant and National Non Domestic Rates grant are received direct from government. Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution 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 and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure 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 reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Inventories and Long Term Contracts

Inventories are included in the Consolidated Balance Sheet at cost.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year. As at 31 March 2016 the Authority had one significant Capital contract outstanding as detailed in Note 11 to the accounts.

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.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

STATEMENT OF ACCOUNTING POLICIES

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or 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).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or 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 in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

Further information in respect of leasing obligations is included in the notes to the core financial statements (Note 27).

Overheads Support Services Costs

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 2015/16 (SeRCOP). 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
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative 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 that it is probable that the future economic benefits or service potential associated with the item will flow to the 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 (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Intangible Assets

There are no intangible assets recognised by the Authority.

Tangible Assets

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis. Expenditure below £5,000 on plant and equipment is treated as de-minimis, it is not capitalised and accordingly is charged to the revenue account in the year it is incurred.

STATEMENT OF ACCOUNTING POLICIES

Measurement

Assets are initially measured at cost, comprising: the purchase price, any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets are then carried in the Balance Sheet using the following measurement bases:

Infrastructure, community assets and assets under construction – depreciated historical cost;

All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Under IFRS 13 Fair Value Measurement, non-cash and non-operational current assets are required to be valued at Market Value. The Authority does not hold any of this type of asset.

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. A full revaluation was undertaken as at the 31 March 2016. A full revaluation will be undertaken every five years as a minimum. The Authority's valuer is John Penaligan of NPS South West Ltd which is a subsidiary of NPS Consultants Ltd, a controlled company of Norfolk County Council.

Land and buildings costs have been separately identified and will continue to be so for all future revaluations.

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

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.

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 by:

- 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 line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) 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 (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following basis:

Buildings including PFI assets – useful economic life of each asset determined as part of the revaluation process.

Fire Appliances – useful economic life assessed to be 12 years for a Medium Rescue Pump and 10 years for a Light Rescue Pump.

Vehicles, plant and furniture and equipment – useful economic life assessed to range from 5-7 years.

Intangible assets are to be amortised over 7 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately (see componentisation note below).

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.

Componentisation

Where an asset has components which have a significantly different life, depreciation is applied over the life of each component rather than applying the same life for the whole of the asset. Components for fire stations are the land (indefinite life), main structure (60 year life (40 years if prefabricated)), mechanical & electrical (20 year life) and steel training towers (30 year life (40 years if masonry)).

STATEMENT OF ACCOUNTING POLICIES

Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. Devon & Somerset Fire & Rescue Authority, in partnership with Avon Fire Authority and Gloucestershire County Council has invested in a PFI project to provide a Fire and Rescue Service training centre.

As the Authority is deemed to control part of the services that are provided (25%) under the PFI scheme, and as part ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contract on its Balance Sheet as part of Property, Plant and Equipment. The original recognition of these assets at fair value is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator
- Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Three such Provisions exists as at 31 March 2016; (Note 17)

Firefighter Employers pensions liability

The provision for Pension liabilities has been increased by an amount of £0.066m to reflect legislative changes which may have the impact of increasing employers pension contributions.

PFI Equalisation

Using existing indices and interest rates a shortfall had been predicted at the end of the contract period of around £1.2m. An amount of £295k reflecting the Fire Authority's share of 25% was set aside as a provision in 2013-14 and remains on the Authority's Balance Sheet.

Non Domestic Rates Appeals provision

A number of appeals have been made to billing authorities against the rateable value of Non Domestic Properties. The Fire Authority is required to account for its share of the provision for successful appeals, amounting to £679k in 2015-16

STATEMENT OF ACCOUNTING POLICIES

Reserves

The 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 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 that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

Details of all reserve balances as at 31 March 2016 are included with note 18 to these accounts.

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 March 2016

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

	NOTE	Gross Total			Restated		
		Cost	Income	Net Total Cost	Gross Total Cost	Income	Net Total Cost
		2015/16 £000	2015/16 £000	2015/16 £000	2014/15 £000	2014/15 £000	2014/15 £000
Community Fire Safety							
Statutory Inspection, certification and enforcement		803	(109)	694	764	(170)	594
Prevention and education		3,164	(21)	3,143	2,821	(30)	2,791
Fire Fighting and Rescue Operations							-
Operational Responses		74,663	(4,490)	70,173	71,958	(4,323)	67,635
Communications and mobilising		6,509	-	6,509	6,263	(71)	6,192
Securing water supplies		576	(57)	519	423	(6)	417
Corporate and democratic core costs		972	(62)	910	997	(38)	959
Non distributed costs		1,639	-	1,639	14,904	-	14,904
Operating (surplus)/deficit		88,326	(4,739)	83,588	98,130	(4,639)	93,492
Finance costs:							
Investment revenue	9			(271)			(186)
Other (gains) and Losses	8			(12,151)			(6,988)
Finance costs:	9			23,647			25,909
(Surplus)/deficit for the financial year				94,814			112,227
Council Tax	10			(45,446)			(43,770)
Non-domestic rates redistribution	10			(14,712)			(14,444)
Central government grant	10			(14,964)			(18,096)
Capital Grants and Contributions	10			-			(1,428)
Taxation and non-specific grant income				(75,121)			(77,738)
Retained (surplus)/deficit for the year				19,693			34,489
Other comprehensive income and expenditure							
Gains on revaluations	18			(5,543)			(15,223)
Impairment losses on non-current assets charged to the revaluation reserve	11			599			480
Remeasurements of the net defined liability/ (asset) on pension schemes	18			(48,077)			78,253
Total comprehensive expenditure for the year				(33,328)			98,000

BALANCE SHEET AS AT 31 March 2016

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

		31 March	Restated
		2016	31 March
	NOTE	£000	£000
Long-term assets			
Property, plant and equipment	11	108,156	104,720
Trade and other receivables	14	997	1,024
Total Long-Term assets		109,153	105,744
Current assets			
Inventories	13	253	255
Trade and other receivables	14	10,721	4,941
Short-term Investments (exceeding 3mths)	12	19,000	16,500
Cash and cash equivalents	15	8,338	14,465
Total current assets		38,311	36,161
Total assets		147,464	141,905
Current liabilities			
Trade and other payables	16	(6,065)	(6,666)
Borrowings	12	(196)	(259)
Bank Overdraft	12	-	(529)
Provisions	17	(62)	(218)
Total current liabilities		(6,323)	(7,672)
Net current assets		31,988	28,489
Total assets less current liabilities		141,141	134,233
Non-current liabilities			
Borrowings	12	(27,156)	(27,286)
Pensions Liability	30	(658,061)	(684,723)
Provisions	17	(1,606)	(1,232)
Total non current liabilities		(686,824)	(713,242)
Total liabilities		(693,146)	(720,914)
Net assets employed		(545,683)	(579,008)
Unusable Reserves			
Revaluation reserve	18	(26,805)	(27,271)
Capital Adjustment Account	18	(54,094)	(53,362)
Council Tax + Business Rates Adjustment Accounts	18	(1,727)	(1,316)
PFI - Equalisation Fund	18	(843)	(861)
Accumulated Absence Account	18	902	860
Pensions Reserve	18	658,061	684,723
		575,494	602,773
Usable Reserves			
General fund balance	MIRS	(5,282)	(5,271)
Earmarked reserves	18	(24,529)	(18,494)
		(29,811)	(23,764)
Total Reserves		545,683	579,009

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 March 2016**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The Statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

	NOTE	2015/16 £000	Restated 2014/15 £000
Cash flows from operating activities			
Net deficit on provision of services		(19,693)	(34,489)
<u>Adjustments to deficit relating to non cash movements</u>			
Depreciation and Impairment	11	7,684	6,449
Pension Liability	18	21,416	39,710
(Increase)/decrease in inventories	13	2	(44)
(Increase)/decrease in debtors	14	(5,752)	(2,269)
Increase/(decrease) in creditors	16	(602)	(1,882)
Increase/(decrease) in provisions	17	219	1,051
Other non cash movement		(90)	(5)
Net cash inflow/(outflow) from operating activities		3,184	8,521
<u>Adjustments to deficit relating to items that relate to investing and financing activities</u>			
Transfer from government grant reserve		-	(1,428)
Net cash inflow/(outflow) from operating activities		3,184	7,093
Net cash inflow/(outflow) from investing activities	19.2	(6,091)	(1,439)
Cash outflow from financing activities	19.3	(2,693)	(11,793)
Net (increase)/decrease in cash and cash equivalents	15	(5,598)	(6,139)
Cash/cash equivalents (and bank overdrafts) at the beginning of the financial year	15	13,936	20,075
Cash/cash equivalents (and bank overdrafts) at the end of the financial year	15	8,338	13,936

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 March 2016

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or Deficit on the provision of services' line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. 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.

	General fund	Earmarked	Total Usable	Revaluation	Pensions	Capital	Collection	PFI	Accumulated	Total	Total
	balance	reserves	Reserves	reserve	Reserve	Adjustment	Fund	Adjustment	Absences	Unusable	Total
	£000	£000	£000	£000	£000	Account	Account	Account	Account	Reserves	Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2014	5,191	12,394	17,585	16,937	(566,760)	50,708	529	871	(878)	(498,594)	(481,008)
Movement in reserves during 2014/15											
Deficit on provision of services	(34,488)		(34,488)		-	-	-	-	-	-	(34,488)
Other Comprehensive Income and Expenditure	-	-	-	10,335	(78,253)	4,408	-	-	-	(63,511)	(63,511)
Total Comprehensive Income and Expenditure	(34,488)	-	(34,488)	10,335	(78,253)	4,408	-	-	-	(63,511)	(97,999)
Adjustments between accounting basis and funding basis under regulations	40,669	-	40,669	-	(39,710)	(1,754)	787	(10)	18	(40,668)	-
Net Increase/Decrease before transfers to Earmarked Reserves	6,181	-	6,181	10,335	(117,963)	2,654	787	(10)	18	(104,179)	(97,999)
Transfers to Earmarked Reserves	(6,102)	6,102	-								
Increase/Decrease in year	79	6,102	6,181	10,335	(117,963)	2,654	787	(10)	18	(104,179)	(97,999)
Balance carried forward as at 31 March 2015	5,271	18,495	23,765	27,271	(684,723)	53,362	1,316	861	(860)	(602,773)	(579,008)
Movement in reserves during 2015/16											
Deficit on provision of services	(19,693)		(19,693)	-	-	-	-	-	-	-	(19,693)
Other Comprehensive Income and Expenditure	-	-	-	(466)	48,077	5,410	-	-	-	53,020	53,020
Total Comprehensive Income and Expenditure	(19,693)	-	(19,693)	(466)	48,077	5,410	-	-	-	53,020	33,326
Adjustments between accounting basis and funding basis under regulations											
<u>PFI Adjustment</u>	18		18					(18)		(18)	-
<u>Adjustments involving the Capital Adjustment Account</u>											
Reversal of items in the C.I.E.S.											
Depreciation	7,183		7,183			(7,183)				(7,183)	-
Impairment losses	501		501			(501)				(501)	-
Capital grants received	-		-			-				-	-
Insertion of items not in the C.I.E.S.											
Minimum Revenue Provision	(1,828)		(1,828)			1,828				1,828	-
Capital expenditure funded direct from revenue	(1,178)		(1,178)			1,178				1,178	-
<u>Adjustments involving the Pensions Reserve</u>											
Reversal of items related to pension benefits debited or credited to the Comprehensive Expenditure and Income Account	30,804		30,804		(30,804)					(30,804)	-
Employers pension contributions and direct payments to pensioners	(9,387)		(9,387)		9,387					9,387	-
<u>Adjustments involving the Collection Fund Adjustment Account</u>											
Amount by which council tax and business rates income credited to the CIES is different from the council tax calculated by statutory regulations	(410)		(410)				410			410	-
<u>Adjustments involving the Accumulated Absence Account</u>											
Amount by which officer remuneration charged to the CIES on an accruals basis is different from the remuneration charged in accordance with statutory requirements	42		42						(42)	(42)	-
Total Adjustments between accounting basis and funding basis under regulations	25,741	-	25,741	-	(21,415)	(4,678)	410	(18)	(42)	(25,741)	-
Net Increase/Decrease before transfers to Earmarked Reserves	6,047	-	6,047	-	(21,415)	(4,678)	410	(18)	(42)	(25,741)	(19,693)
Transfers to Earmarked Reserves	(6,035)	6,035	-								-
Increase/Decrease in year	11	6,035	6,047	-	(21,415)	(4,678)	410	(18)	(42)	(25,741)	(19,693)
Balance carried forward as at 31 March 2016	5,282	24,529	29,811	26,805	(658,061)	54,094	1,727	843	(902)	(575,495)	(545,683)

NOTES TO THE CORE FINANCIAL STATEMENTS

1. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT BEEN ADOPTED

The CIPFA Code of Practice requires disclosure of information relating to the impact of accounting standards that have been issued but not yet adopted.

The Authority does not anticipate that the following amendments will have a material impact on the information provided the financial statements ie there is unlikely to be a change to the reported information in the reported net cost of services or the Surplus or Deficit on the Provision of Services:

- Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions)
- Annual Improvements to IFRSs 2010 – 2012 Cycle
- Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)
- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)
- Annual Improvements to IFRSs 2012 – 2014 Cycle
- Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)

However, in the 2016/17 Statement (and comparator 2015/16 Statements), the following are expected to have a significant impact on the presentation of (but not values contained within) the Authority's accounts:

- Changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis
- Changes to the format of the Pension Fund Account and the Net Assets Statement

2. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Whilst there is a better degree of certainty in the medium term regarding levels of government funding for the Fire Sector following the offer of a four year grant settlement at 2016/17 the budget announcement, risks remain regarding the levels of local funding achievable via the Council Tax Precept and Business Rates retention scheme as well as longer term grant funding. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

Under a joint PFI venture, Gloucestershire County Council, Avon Fire & Rescue Service and Devon & Somerset Fire & Rescue Service now receive a significant element of their training from Babcock International Group PLC, a Ltd company contracted to provide the training until 31 March 2028. The training is supplied at the Joint Fire Training Centre, Avonmouth, a facility that the service provider designed, built, financed and now operates under the PFI contract. As such, the Authority is deemed to part control the training services provided under the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the authority's share of the training centre is recognised as Property, Plant and Equipment on the Authority's Balance Sheet.

3. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows and continued overleaf:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
Property, Plant and Equipment	Assets are revalued on the basis of Direct Replacement cost which is dependant on assumptions about the building industry, for which there is a level of uncertainty. Due to timescales of the five year revaluation programme, previous valuations may not remain valid if costs of replacement have fluctuated significantly.	If Direct Replacement Cost differs significantly, revaluations will increase or decrease, resulting in a change to the carrying value of the asset.

NOTES TO THE CORE FINANCIAL STATEMENTS

3. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY (continued)

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liabilities	Assets and Liabilities of the Local Government Pension Scheme (LGPS) have been assessed based on values at the 28th February 2016 by actuarial valuation. The use of month 11 valuations is as a result of shortened deadlines for publication of the Annual Statement of Accounts laid out in the Accounts and Audit Regulations 2015. Whilst the earlier deadlines apply from 2018, given common delays to receipt of the Actuarial report, the practice has been introduced in advance.	If there is significant movement in the valuation between 28th February and 31st March, the accounts would require restatement. Assurance has been received that this was not the case in 2015-16.
Provisions	The Authority has made a provision of £0.7m for successful NDR appeals which is based on information received from Billing authorities.	An accounting adjustment will be required to the Provision on the balance sheet.
Provisions	The Authority has made a provision of £0.7m for firefighters pension contributions on the assumption that a legal obligation will result from Case Law. Legislation is yet to be finalised.	Reliance will have to be placed on reserves if the actual figures are greater than estimated.

NOTES TO THE CORE FINANCIAL STATEMENTS

4. MATERIAL ITEMS OF INCOME AND EXPENDITURE

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

5. EVENTS AFTER THE BALANCE SHEET DATE

The draft Statement of Accounts was authorised for issue by the Audit & Performance Committee on 28 June 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This Movement In Reserve Statement details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

NOTES TO THE CORE FINANCIAL STATEMENTS

7. PRIOR PERIOD ADJUSTMENT

The Pension Ombudsman determined in July 2015 that the calculation of pensioners' lump sum amounts on commutation since 1998 was not based on the right actuarial data and therefore there would be an additional liability to the Pension fund for backpayment of the amounts due and associated interest. The Government Actuary's Department issued guidance in respect of the Firefighters' Pension Scheme (England): 1992 Scheme which enabled each Fire Authority to calculate the impact for their 2014/15 accounts.

The amount of £2.215m and corresponding income was included as an adjustment made under Non Distributed Costs on the face of the Comprehensive Income and Expenditure Statement, Provisions (Note 17) and Debtors (Note 14) in the Balance Sheet of the Authority.

It has since been concluded (in agreement with auditors) that this was not the correct treatment of the liability and corresponding income as these related solely to the Pension Fund account and were not in fact attributable to the Financial Statements of the Authority and therefore these items have been removed from the 2014/15 restated Financial Statements. Because these items had corresponding debit and credit entries the net impact to the Comprehensive Income and Expenditure Statements and the Balance Sheet is zero.

The following are the relevant extracted lines from the Comprehensive Income and Expenditure Statement which, with appropriate restatement for 2014/15, can be found within these financial statements.

	Originally Stated 2014/15 Gross Expenditure £000s	Restated 2014/15 Gross Expenditure £000s	Net Amount of Restatement £000s	Originally Stated 2014/15 Income £000s	Restated 2014/15 Income £000s	Net Amount of Restatement £000s
Non-distributed costs	17,119	14,904	(2,215)	(2,215)	0	2,215

	Originally Stated 2014/15 Net Total cost £000s	Restated 2014/15 Net Total cost £000s	Net Amount of Restatement £000s
Operating (surplus)/deficit	93,492	93,492	0

The following are the relevant extracted lines from the Balance Sheet and the notes to the accounts which, with appropriate restatement for 2014/15, can be found within these financial statements.

	Originally Stated 2014/15 £000s	Restated 2014/15 £000s	Net Amount of Restatement £000s
Trade and other receivables (Note 14)	7,156	4,941	(2,215)
Total current assets	38,376	36,161	(2,215)
Total assets	144,120	141,905	(2,215)
Provisions (Note 17)	(2,433)	(218)	2,215
Total current liabilities	(9,887)	(7,672)	2,215
Total liabilities	(723,129)	(720,914)	2,215
Net assets employed	(579,008)	(579,008)	0

8. OTHER OPERATING INCOME AND EXPENDITURE

	2015/16 £000	2014/15 £000
Communities for Local Government Firefighters Pension Top-Up Grant	(12,152)	(6,988)
	<u>(12,152)</u>	<u>(6,988)</u>

9. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2015/16 £000	2014/15 £000
Interest on Loans	1,298	1,284
Investment income	(271)	(186)
Pensions Interest and administration Cost	22,349	24,625
	<u>23,376</u>	<u>25,723</u>

10. TAXATION AND NON SPECIFIC GRANT INCOMES

	2015/16 £000	2014/15 £000
Council tax income	(45,446)	(43,770)
Non domestic rates	(14,712)	(14,444)
Non-ring-fenced government grants	(14,964)	(18,096)
Capital grants and contributions	0	(1,428)
	<u>(75,121)</u>	<u>(77,738)</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

11. PROPERTY PLANT AND EQUIPMENT

	Land	Buildings excluding dwellings	Assets under construction	Plant and machinery	Transport	Total
2015/16	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2015	18,361	75,885	-	5,708	17,589	117,543
Additions purchased	-	1,012	-	990	4,173	6,175
Additions donated	-	-	-	-	-	-
Additions government granted	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Derecognition - disposals	-	-	-	(2,731)	(138)	(2,869)
Revaluation gains	-	156	-	-	-	156
Revaluation removals	-	(419)	-	-	-	(419)
Impairments	-	(501)	-	-	-	(501)
Downward Revaluations	-	(599)	-	-	-	(599)
Reversal of impairments	-	-	-	-	-	-
At 31 March 2016	18,361	75,534	-	3,967	21,624	119,486
Depreciation at 1 April 2015	-	(1,179)	-	(4,603)	(7,040)	(12,822)
Reclassifications	-	-	-	-	-	-
Reclassified as held for sale	-	-	-	-	-	-
Derecognition - disposals	-	-	-	2,729	132	2,861
Revaluation removals	-	5,814	-	-	-	5,814
Impairments	-	-	-	-	-	-
Reversal of Impairments	-	-	-	-	-	-
Charged during the year	-	(5,478)	-	(248)	(1,457)	(7,183)
Depreciation at 31 March 2016	-	(843)	-	(2,122)	(8,365)	(11,330)
Net book value						
As at 31 March 2015	18,361	74,706	-	1,105	10,549	104,721
As at 31 March 2016	18,361	74,691	-	1,845	13,259	108,156
Asset financing						
Owned	18,361	73,684	-	1,845	13,259	107,149
Finance Leased	-	-	-	-	-	-
Private finance initiative	-	-	-	-	-	-
PFI residual interests	-	1,007	-	-	-	1,007
Total 31 March 2016	18,361	74,691	-	1,845	13,259	108,156

SIGNIFICANT COMMITMENTS UNDER CAPITAL CONTRACTS

As at 31 March 2016 the Authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2016/17 and future years budgeted to cost £1.6m. There were similar commitments at 31 March 2015 of £2.0m. Of these contracts only one is of significant value, with £1.3m being committed to purchase Light Rescue Pump Vehicles.

NOTES TO THE CORE FINANCIAL STATEMENTS

11. PROPERTY PLANT AND EQUIPMENT VALUATIONS

	Land	Buildings excluding dwellings	Assets under construction	Plant and machinery	Transport	Total
	£000	£000	£000	£000	£000	£000
2015/16						
Valued at Historical Cost	-	-	-	3,967	21,624	25,591
Valued at Current Value in:						
2015/16	18,361	75,534	-	-	-	93,895
2014/15	-	-	-	-	-	-
2013/14	-	-	-	-	-	-
2012/13	-	-	-	-	-	-
2011/12	-	-	-	-	-	-
Total	18,361	75,534	-	3,967	21,624	119,486

Valuation Information:

The above statement shows the impact of the Authority's programme for the revaluation of property, plant and equipment, including assets valued following completion of significant projects. The Authority has moved away from the five year rolling programme of revaluations in order to ensure that all revalued assets falling under the same class are assessed at the same time, per CIPFA guidance.

Valuations of land and buildings are carried out by John Penaligan (FRICS) in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The basis for valuation is set out in the Statement of Accounting Policies.

The authority is not aware of any material changes in asset values that have not been updated.

11. PROPERTY PLANT AND EQUIPMENT PRIOR YEAR

	Land	Buildings excluding dwellings	Assets under construction	Plant and machinery	Transport	Total
	£000	£000	£000	£000	£000	£000
2014/15						
Cost or valuation at 1 April 2014	18,380	71,974	-	5,364	16,398	112,116
Additions purchased	81	1,162	-	345	1,255	2,843
Additions donated	-	-	-	-	30	30
Additions government granted	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Derecognition - disposals	-	-	-	(1)	(94)	(95)
Revaluation gains	-	10,826	-	-	-	10,826
Revaluation removals	-	(7,469)	-	-	-	(7,469)
Impairments	(11)	(812)	-	-	-	(823)
Downward revaluations	(89)	(391)	-	-	-	(480)
Reversal of Impairments	-	595	-	-	-	595
At 31 March 2015	18,361	75,885	-	5,708	17,589	117,543
Depreciation at 1 April 2014	-	(8,400)	-	(4,395)	(5,767)	(18,562)
Reclassifications	-	-	-	-	-	-
Reclassified as held for sale	-	-	-	-	-	-
Derecognition - disposals	-	-	-	1	86	87
Revaluation removals	-	11,874	-	-	-	11,874
Impairments	-	-	-	-	-	-
Reversal of Impairments	-	-	-	-	-	-
Charged during the year	-	(4,653)	-	(209)	(1,359)	(6,221)
Depreciation at 31 March 2015	-	(1,179)	-	(4,603)	(7,040)	(12,822)
Net book value						
As at 31 March 2014	18,380	63,574	-	969	10,631	93,554
As at 31 March 2015	18,361	74,706	-	1,105	10,549	104,721
Asset financing						
Owned	18,361	73,610	-	1,105	10,547	103,623
Finance Leased	-	-	-	-	2	2
Private finance initiative	-	-	-	-	-	-
PFI residual interests	-	1,096	-	-	-	1,096
Total 31 March 2015	18,361	74,706	-	1,105	10,549	104,721

NOTES TO THE CORE FINANCIAL STATEMENTS

12. FINANCIAL INSTRUMENTS

12.1 BALANCE SHEET FINANCIAL INSTRUMENTS

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

	Long-Term		Current	
	£000 31 March 2016	£000 31 March 2015	£000 31 March 2016	£000 31 March 2015
Financial Liabilities				
Borrowings at amortised cost (PWLB)	(25,782)	(25,908)	(127)	(127)
Private Finance Initiative	(1,374)	(1,377)	(69)	(132)
Finance Lease	-	-	-	-
Commercial Bank	-	-	-	(529)
Creditors	-	-	(4,390)	(4,751)
	(27,156)	(27,286)	(4,586)	(5,539)
*Excludes following amounts which are not classed as financial instruments				
Income in advance			(84)	(261)
Non contractual creditors e.g. council tax			(689)	(794)
Accumulated absence accrual			(902)	(860)
Amount shown as short-term creditors in balance sheet			(6,065)	(6,666)

Financial Assets

Cash at Bank	-	-	13	9
Investments (Cash equivalents)	-	-	8,325	14,456
Investments (exceeding 3 mths.)	-	-	19,000	16,500
Debtors	997	1,024	9,130	1,898
	997	1,024	36,468	32,863

**Excludes following amounts which are not classed as financial instruments

Non contractual debtors e.g. council tax			955	1,986
Payments in advance			636	1,057
Amount shown as current trade & other receivables in balance sheet			10,721	4,941

12.2 INCOME AND EXPENDITURE FINANCIAL INSTRUMENTS

The gains and losses recognised in the Comprehensive Income and Expenditure Account are made up as follows:

	Financial Liabilities		Financial Assets		Total	
	£000 31 March 2016	£000 31 March 2015	£000 31 March 2016	£000 31 March 2015	£000 31 March 2016	£000 31 March 2015
Interest Expense	(1,298)	(1,284)			(1,298)	(1,284)
Interest payable and similar charges	(1,298)	(1,284)	-	-	(1,298)	(1,284)
Interest Income		-	271	186	271	186
Interest and Investment Income	-	-	271	186	271	186
Net Gain/(loss) for the year	(1,298)	(1,284)	271	186	(1,027)	(1,098)

NOTES TO THE CORE FINANCIAL STATEMENTS

12.3 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial liabilities and financial assets represented by loans and receivables 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:-

For loans from the PWLB, premature repayment rates have been applied to provide the fair value under PWLB debt redemption procedures.

For investments the principal amount is taken as fair value.

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 are calculated as follows:

FINANCIAL LIABILITIES	Carrying Amount		Fair Values	
	£000 31 March 2016	£000 31 March 2015	£000 31 March 2016	£000 31 March 2015
Total Debt				
- PWLB	(25,908)	(26,035)	(32,344)	(37,850)
- Other Credit Arrangements	(1,444)	(1,510)	(1,444)	(1,510)
- Commercial Overdraft	-	(529)	-	(529)
Trade and other creditors	(4,390)	(4,751)	(4,390)	(4,751)
Total Liabilities	(31,741)	(32,825)	(38,177)	(44,640)
 FINANCIAL ASSETS				
	Carrying Amount		Fair Values	
	£000 31 March 2016	£000 31 March 2015	£000 31 March 2016	£000 31 March 2015
Financial assets				
Total Investments	27,325	30,956	27,388	30,995
Cash and Bank	13	(520)	13	(520)
Trade and other debtors	10,763	3,979	10,763	3,979
Total Financial assets	38,100	34,415	38,163	34,454

NOTES TO THE CORE FINANCIAL STATEMENTS

13. INVENTORIES

	31 March 2016 £000	31 March 2015 £000
Uniforms and Protective Clothing	98	109
Vehicle Spares Stocks	84	89
Equipment Stocks	71	58
Total	253	255

14. DEBTORS

14.1 Trade and other receivables

	Current		Non-current	
	31 March 2016 £000	31 March 2015 Restated £000	31 March 2016 £000	31 March 2015 £000
Current Assets				
Central Government Departments	5,124	611	0	0
Other Local Authorities	3,441	2,488	843	861
NHS bodies	142	0	0	0
Other	2,019	1,853	154	164
Provision for the impairment of receivables	(5)	(12)	0	0
Total	10,721	4,941	997	1,024

14.2 Receivables past their due date but not impaired

	31 March 2016 £000	31 March 2015 £000
By up to three months	23	14
By three to six months	0	1
By more than six months	1	11
Total	24	25

14.3 Provision for impairment of receivables

	31 March 2016 £000	31 March 2015 £000
Balance at 1 April	(12)	(42)
Amount written off during the year	7	30
(Increase)/decrease in receivables impaired	0	-
Balance at 31 March	(5)	(12)

15. CASH AND CASH EQUIVALENTS

	31 March 2016 £000	31 March 2015 £000
Balance at 1 April	13,936	20,075
Net change in year	(5,599)	(6,139)
Balance at 31 March	8,338	13,936
Made up of		
Commercial banks and cash in hand	13	9
Current investments (term less than 3 mths)	8,325	14,456
Cash and cash equivalents as in statement of financial position	8,338	14,465
Bank Balance - Commercial banks	-	(529)
Cash and cash equivalents as in statement of cash flows	8,338	13,936

NOTES TO THE CORE FINANCIAL STATEMENTS

16. CREDITORS

	Current		Non-current	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Current Liabilities				
Central Government Departments	(653)	(1,493)	-	-
Other Local Authorities	(2,170)	(943)	-	-
NHS bodies	-	-	-	-
Other entities and individuals	(2,339)	(3,370)	-	-
Accum absence	(902)	(860)	-	-
Defined Benefit Pension Schemes	-	-	(658,061)	(684,723)
Total	(6,065)	(6,666)	(658,061)	(684,723)

17. PROVISIONS

	Current		Non-current	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Firefighter Employer Pension Contribution	(62)	(218)	(632)	(566)
Pension Commutations	-	-	-	-
NDR Appeals Provision	-	-	(679)	(371)
PFI Equalisation	-	-	(295)	(295)
Total	(62)	(218)	(1,606)	(1,232)

	Firefighter Employer Pension Contribution £000	Pension Commutations - Restated £000	PFI Equalisation £000	NDR Appeals £000	Total £000
At 1 April 2014	2,084	-	295	235	2,614
Arising during the year	228	-	-	136	364
Used during the year	(3)	-	-	-	(3)
Reversed unused	(1,525)	-	-	-	(1,525)
Unwinding of discount	-	-	-	-	-
At 31 March 2015	784	-	295	371	1,450
At 1 April 2015	784	-	295	371	1,450
Arising during the year	66	-	-	308	374
Used during the year	(156)	-	-	-	(156)
Reversed unused	-	-	-	-	-
At 31 March 2016	694	-	295	679	1,668
Expected timing of cash flows:					
Between 1 April 2016 & 31 March 2017	62	-	-	-	62
Thereafter	632	-	295	679	1,606

NOTES TO THE CORE FINANCIAL STATEMENTS

18. USABLE AND UNUSABLE RESERVES

18.1 USABLE RESERVES

Movements in the Authority's usable reserves are summarised in the Movement in Reserves Statement.

Earmarked Reserves

One of the categories of usable reserves is earmarked reserves. Details of the amounts set aside (transfers in) from the General Fund to provide financing for future expenditure is given in the table below.

The table below also shows the amounts posted back (transfers out) from earmarked reserves to meet the specific expenditure which is included within the CIES in 2015/16.

2015/16

Earmarked reserve	Balance 1 April	Transfers In	Transfers Out	Balance 31 March
	£000	£000	£000	£000
Investment in Community Safety	215	-	(42)	173
Mobilisation ICT Equipment	75	-	(29)	46
Home Safety Visits	100	-	-	100
Uniform replacement	996	-	-	996
Station Improvements	300	-	(4)	297
Grants Unapplied	1,674	48	(773)	950
Change and improvement	938	443	(269)	1,112
CSR strategy reserve	4,957	-	-	4,957
Commercial Services	191	-	-	191
Support for Capital Programme	7,175	6,138	(401)	12,912
Telephone System Replacement	170	45	-	215
Taunton Fire Station Oil Bunker	2	-	(2)	-
Specialist Rescue Level 4 Boat Training	33	-	-	33
Pensions Reserve	1,525	-	-	1,525
Software/ Licencing	62	-	(62)	-
Thermal Imaging Cameras	19	-	-	19
NNDR Smoothing Reserve	62	551	-	612
National Procurement Project	-	372	-	372
Firefighter fitness	-	15	-	15
Aide Memoire for appliances	-	5	-	5
Total	18,494	7,617	(1,582)	24,529

2014/15

Earmarked reserve	Balance 1 April	Transfers In	Transfers Out	Balance 31 March
	£000	£000	£000	£000
Investment in Community Safety	405	-	(190)	215
Mobilisation ICT Equipment	65	21	(11)	75
Home Safety Visits	100	-	-	100
Uniform replacement	450	546	-	996
Station Improvements	37	300	(37)	300
Grants Unapplied	2,265	170	(761)	1,674
Change and improvement	739	399	(200)	938
CSR strategy reserve	3,389	1,568	-	4,957
Commercial Services	211	-	(19)	191
Support for Capital Programme	4,393	2,794	(12)	7,175
Telephone System Replacement	100	70	-	170
Taunton Fire Station Oil Bunker	2	-	-	2
Breathing Apparatus Cylinder Testing	205	-	(205)	0
Specialist Rescue Level 4 Boat Training	33	-	-	33
Pensions Reserve	-	1,525	-	1,525
Software/ Licencing	-	62	-	62
Thermal Imaging Cameras	-	19	-	19
NNDR Smoothing Reserve	-	62	-	62
Total	12,394	7,534	(1,434)	18,494

NOTES TO THE CORE FINANCIAL STATEMENTS

18.2 UNUSABLE RESERVES

	31 March 2016 £000	31 March 2015 £000
Revaluation Reserve	(26,805)	(27,271)
Capital Adjustment Account	(54,094)	(53,362)
Pensions Reserve	658,061	684,723
Collection Fund Adjustment Account	(1,280)	(1,131)
NNDR Adjustment Account	(447)	(185)
Accumulated Absences Account	902	860
PFI Equalisation Fund	(843)	(861)
Total	575,495	602,773

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment 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.

	2015/16 £000	2014/15 £000
Balance at 1 April	(53,362)	(50,708)
<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</i>		
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,804	86
Charges for depreciation and impairment of non-current assets	7,684	6,449
	10,488	6,535
Minimum Revenue Provision	(1,828)	(1,822)
Capital Expenditure charged against the Revenue Account	(1,178)	(1,445)
Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	-	(1,428)
Adjusting amounts written out of the Revaluation Reserve	(2,224)	(1,272)
Depreciation written down in-year	(5,990)	(3,222)
Balance at 31 March	(54,094)	(53,362)

NOTES TO THE CORE FINANCIAL STATEMENTS

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 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.

	2015/16 £000	2014/15 £000
Balance at 1 April	(27,271)	(16,937)
Upward Revaluation of assets	(156)	(10,826)
Downward revaluations	599	480
Difference between fair value depreciation and historical cost depreciation	23	11
Balance at 31 March	(26,805)	(27,271)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement 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 Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2015/16 £000	2014/15 £000
Balance at 1 April	684,723	566,760
Remeasurements of the net defined liability/ (asset)	(48,077)	78,253
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on Provision of services	30,804	48,891
Employer's pensions contributions and direct payments to pensioners payable in the year	(9,387)	(9,181)
Balance at 31 March	658,061	684,723

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax 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.

	2015/16 £000	2014/15 £000
Balance at 1 April	(1,131)	(758)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(148)	(373)
Balance at 31 March	(1,280)	(1,131)

NOTES TO THE CORE FINANCIAL STATEMENTS

National Non Domestic Rates (NNDR) Adjustment Account

The NNDR Adjustment Account manages the differences arising from the recognition of NNDR income in the Comprehensive Income and Expenditure Statement as it falls due from commercial premises compared with the statutory arrangements for paying across amounts to the General Fund from the Collection fund.

	2015/16 £000	2014/15 £000
Balance at 1 April	(185)	229
Amount by which NNDR credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements	(262)	(414)
Balance at 31 March	(447)	(185)

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, e.g. 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.

	2015/16 £000	2014/15 £000
Balance at 1 April	860	878
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	42	(18)
Balance at 31 March	902	860

PFI - Equalisation Fund

An equalisation fund is administered by Gloucestershire County Council on behalf of the project partners. The fund balance attributable to the authority at the end of each financial year is recognized within the balance sheet. As at 31st March 2016 a surplus of £0.861m (£0.861m as at 31 March 2015) was attributable to Devon and Somerset FRA and this has been included as a PFI debtor against Gloucestershire County Council.

	2015/16 £000	2014/15 £000
Balance at 1 April	(861)	(871)
PFI Surplus for the year	18	10
Balance at 31 March	(843)	(861)

NOTES TO THE CORE FINANCIAL STATEMENTS

19. CASH FLOW STATEMENT NOTES

19.1 OPERATING ACTIVITIES

The cash flows for operating activities include the following items;

	2015/16	2014/15
	£000	£000
Interest Received	271	186
Interest Paid	<u>(1,298)</u>	<u>(1,284)</u>
Total	<u>(1,027)</u>	<u>(1,098)</u>

19.2 INVESTMENT ACTIVITIES

	2015/16	2014/15
	£000	£000
Payments for property, plant and equipment	<u>(6,091)</u>	<u>(2,837)</u>
Capital Grant Received	-	1,398
Net Cash Flows from investing activities	<u>(6,091)</u>	<u>(1,439)</u>

19.3 FINANCING ACTIVITIES

	2015/16	2014/15
	£000	£000
Loans Repaid	<u>(127)</u>	<u>(270)</u>
Increase in Short-Term Deposits	<u>(2,500)</u>	<u>(11,500)</u>
Loan Capital Repayments of PFI and finance leases	<u>(66)</u>	<u>(22)</u>
Net Cash Flows from investing activities	<u>(2,693)</u>	<u>(11,793)</u>

20. 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 on the basis of budget reports analysed across expenditure codes. 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 and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)

- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year

The table below shows the income and expenditure of the Authority in the form presented for management purposes during the year, reconciled to the cost of services included in the Comprehensive Income and Expenditure Account.

	2015/16	2014/15
	£000	£000
<u>Expenditure</u>		
Employees	54,356	53,792
Premises	3,842	3,912
Transport	2,958	3,233
Supplies & Services	5,032	5,284
Establishment Costs	570	587
External Support Costs	633	598
Capital Financing Costs	4,283	4,996
<u>Income</u>		
General income	(1,229)	(1,169)
Interest	(271)	(186)
Grants & staffing reimbursements	<u>(3,080)</u>	<u>(3,059)</u>
Contributions to or from reserves	5,739	5,482
Government Grant and Council Tax Income*	<u>(74,710)</u>	<u>(75,523)</u>
Net surplus - as reported to management	<u>(1,878)</u>	<u>(2,051)</u>
<u>Amounts in the CIES not reported to management</u>		
Depreciation and impairment	7,684	6,449
Net charges made for retirement benefits	30,804	48,891
Surplus of PFI Equalisation Fund	18	10
Employee Absence Accrual	42	(18)
Deficit/(Surplus) on Council Tax and NNDR Collection Fund	(410)	(787)
Capital Grants in year	-	(1,428)
Spending from Earmarked Reserves	<u>1,570</u>	<u>1,355</u>
	39,706	54,471
<u>Amounts in management information not included in the Cost of Services in the CIES</u>		
Minimum Revenue Provision	(1,828)	(1,822)
Direct Revenue funding to Capital	(1,178)	(1,445)
Employers Contributions to Pensions	(9,387)	(9,181)
Transfer to Earmarked Reserves	<u>(5,739)</u>	<u>(5,482)</u>
	<u>(18,135)</u>	<u>(17,930)</u>
Cost of Services in CIES	<u>19,693</u>	<u>34,489</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

21. MEMBERS ALLOWANCES

It is a requirement that after the end of the year to which a scheme relates, an Authority shall make arrangements for the publication of the total sum paid by it in the year under the scheme to each recipient in respect of basic allowance and special responsibility allowance. Details of such payments in 2015/16 are shown in the following table which shows all serving members during 2014/15 and 2015/16.

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

	Basic and Special Responsibility Allowance	Travel and Subsistence	2015/16	2014/15
	£	£	£	£
Ball Kevin	6,107	216	6,323	5,630
Bown Ann	6,492	1,102	7,594	7,100
Bowyer Lynda	368	43	411	3,057
Brazil Julian	-	-	-	920
Brooksbank John	291	-	291	2,926
Burridge-Clayton Peter	2,581	429	3,010	3,159
Chugg Caroline	2,064	381	2,445	3,444
Colthorpe Polly	2,581	-	2,581	2,539
Dyke William	6,645	978	7,623	7,391
Eastman Andrew	5,161	813	5,974	5,847
Edmunds Michael	6,107	1,051	7,158	7,863
Ellery Victor	2,581	898	3,479	2,897
Gordon Ian	-	-	-	2,264
Greenslade Brian	9,032	3,311	12,343	9,746
Gribble George	-	-	-	346
Healey Mark	23,071	7,573	30,644	30,404
Hill Roy	2,276	136	2,412	-
Horsfall Alvin	2,581	570	3,151	2,986
Knight James	2,581	-	2,581	2,031
Leaves Martin	6,186	436	6,622	4,966
Owen Jill	312	5	317	2,629
Prior-Sankey Hazel	305	-	305	3,075
Radford Ray	6,528	321	6,849	6,593
Randall Johnson Sara	4,885	19	4,904	5,108
Redman Leigh	2,355	465	2,820	-
Singh Charanjeet	2,581	828	3,409	2,228
Smith John	291	-	291	3,047
Thomas David	2,823	324	3,147	-
Way Nicholas	2,581	-	2,581	2,288
Wheeler George	2,220	389	2,609	-
Woodman John	6,929	758	7,687	7,678
Yeomans Derek	2,020	378	2,398	2,474

22. OFFICERS REMUNERATION

The remuneration paid to the Authority's senior employees is as follows analysed in bands of £5,000 in excess of £50,000:

22.1 Number of Employees earning in excess of £50,000

	2015/16	2014/15
£50,000 - £54,999	13	17
£55,000 - £59,999	25	27
£60,000 - £64,999	7	7
£65,000 - £69,999	-	1
£70,000 - £74,999	1	3
£75,000 - £79,999	3	2
£80,000 - £84,999	2	4
£85,000 - £89,999	2	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	1	1
£115,000 - £119,999	-	-
£120,000 - £124,999	-	-
£125,000 - £129,999	-	-
£130,000 - £134,999	-	-
£135,000 - £139,999	-	-
£140,000 - £144,999	-	1
£145,000 - £149,999	-	-
£150,000 - £155,999	1	-

NOTES TO THE CORE FINANCIAL STATEMENTS

22.2 Senior Officers Remuneration 2015/16 over £50k

Post Title	Salary (Including Fees and Allowances)		Benefits in Kind	Compensation for loss of office	Total Remuneration excluding pension contrbns	Pension Contrbns	Total Remuneration including pension contrbns 2015/16
	£	£					
Chief Fire Officer	147,834	5,001	0	0	152,835	32,080	184,915
Assistant Chief Fire Officer	110,876	3,591	0	0	114,467	20,401	134,868
Director of Corporate Services	84,447	3,951	0	0	88,398	15,538	103,936
Director of People & Organisational Development	84,447	3,656	0	0	88,103	15,538	103,641
Area Manager	76,066	0	0	0	76,066	15,270	91,336
Area Manager(a)	21,424	0	0	0	21,424	4,325	25,749
Area Manager	80,566	0	0	0	80,566	15,487	96,053
Area Manager	75,911	0	0	0	75,911	15,466	91,377
Area Manager(b)	68,818	1,247	0	0	70,065	14,099	84,164
Area Manager	80,557	2,045	0	0	82,602	16,035	98,637
Area Manager	75,423	1,875	0	0	77,298	15,325	92,623
Area Manager (c)	61,859	958	0	0	62,817	13,106	75,923
Area Manager (d)	61,529	703	0	0	62,232	13,088	75,320
Head of ICT	54,252	0	0	0	54,252	9,982	64,234
HR Manager	56,245	0	0	0	56,245	10,349	66,594
Strategic Assets Manager (e)	13,553	0	0	0	13,553	2,494	16,047
Strategic Assets Manager (f)	51,477	0	0	0	51,477	9,472	60,949
Head of Procurement	46,202	3,150	0	0	49,352	8,501	57,853
Head of Finance	54,942	0	0	0	54,942	10,109	65,051
Commercial Business Development Manager	53,826	3,131	0	0	56,957	9,904	66,861
	1,360,254	29,308	0	0	1,389,562	266,569	1,656,131
(a) Left Post 18/07/15	(b) Left Post 31/12/15		(e) Left Post 30/6/15				
(c) In Post 01/01/16	(d) In Post 12/01/16		(f) In post 18/05/15				

Senior Officers Remuneration 2014/15 over £50k

Post Title	Salary (Including Fees and Allowances)		Benefits in Kind	Compensation for loss of office	Total Remuneration excluding pension contrbns	Pension Contrbns	Total Remuneration including pension contrbns 2014/15
	£	£					
Chief Fire Officer	137,642	2,491	0	0	140,133	29,318	169,451
Assistant Chief Fire Officer	103,546	3,087	0	0	106,633	19,052	125,686
Director of Corporate Services	79,117	3,486	0	0	82,603	14,558	97,160
Director of People & Organisational Development	79,117	3,226	0	0	82,343	14,558	96,900
Area Manager	79,005	0	0	0	79,005	14,168	93,173
Area Manager	72,155	0	0	0	72,155	14,242	86,398
Area Manager	77,805	0	0	0	77,805	14,280	92,086
Area Manager	83,043	39	0	0	83,082	14,280	97,362
Area Manager*	55,262	1,031	0	0	56,292	10,701	66,994
Area Manager**	70,841	895	0	0	71,735	12,930	84,665
Area Manager	80,210	1,043	0	0	81,253	14,280	95,533
Area Manager	74,585	1,742	0	0	76,327	14,280	90,607
Head of ICT***	36,963	0	0	0	36,963	6,801	43,764
HR Manager	55,387	0	0	0	55,387	10,191	65,579
Strategic Assets Manager	51,770	0	0	0	51,770	9,526	61,296
Head of Procurement****	40,591	2,441	0	0	43,032	7,469	50,501
	1,177,038	19,482	0	0	1,196,520	220,635	1,417,155
* Left Post 31/12/14	** In Post 01/12/14						
*** In Post 14/07/14 FTE £50799	**** Part Time from 01/10/14 FTE £52050						

NOTES TO THE CORE FINANCIAL STATEMENTS

22.3 Exit Packages agreed

This note identifies the cost of termination benefits for those Employees who the Authority has decided to terminate employment before their normal retirement date.

Exit Package Cost Band (including special payments)	No of Compulsory Redundancies		No of other departures agreed		Total No of exit packages by cost band		Total cost of exit packages in each band	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
£0 - £20,000	1	1	10	7	11	8	£127,010	£61,475
£20,001 - £40,000	0	0	1	1	1	1	£20,554	£26,743
£40,001 - £60,000	0	0	0	0	0	0	£0	£0
£60,001 - £80,000	0	0	0	0	0	0	£0	£0
Total	1	1	11	8	12	9	£147,564	£88,218

NOTES TO THE CORE FINANCIAL STATEMENTS

23. EXTERNAL AUDITOR FEES

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors.

	2015/16 £000	2014/15 £000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	34	45
Provision of pension advice	7	
Total	41	45

For 2014-15 the Authority received fee credits totalling £4,634 (2013-14 £6,171) direct from the Audit Commission in relation to prior years.

24. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement (CIES) in 2015/16

	2015/16 £000	2014/15 £000
Grants		
New Dimensions Grant	(1,028)	(1,131)
Firelink Grant	(778)	(742)
Hinkley Point Grant	(160)	(92)
Business Rates Relief	(532)	(516)
Section 31 Grants (Minor)	(8)	(4)
Procurement Grant Funding	(374)	(241)
Capitalisation funding Grant	-	-
Sub Total Grants	(2,881)	(2,726)
Other income and donations	(898)	(868)
Reimbursement of flooding incidents	-	16
Coresponder Income	(244)	(153)
JCP Phoenix Courses	(25)	(109)
PFI Fair value	(447)	(447)
Training Income	(244)	(351)
Sub Total Other Income	(1,858)	(1,913)
Total within cost of services in the CIES	(4,739)	(4,639)

25. RELATED PARTY TRANSACTIONS

The Authority is required to disclose material transactions with related parties/bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the council 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 Central Government has significant influence over the general operations of the Authority - it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (eg council tax bills). Grants received from government departments are set out in the subjective analysis in Note 20 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2016 are shown in Note 24.

Members Members of the authority have direct control over the Service's financial and operating policies. The total of members' allowances paid in 2015/16 is shown in Note 21. In relation to members, the Authority's constitution requires members to declare their interests in related parties in a register of interests. In addition, members are asked to declare separately any transactions with the Authority. **In relation to 2015/16 no material transactions were disclosed.** The table below summarises transactions with other public bodies.

	2015/16	2014/15
	£000	£000
Central government income		
New Dimensions Grant	(1,028)	(1,131)
Red One Limited		
Receipts from Red One Ltd of training income and reimbursements	(630)	(630)
Devon County Council		
Payments to DCC for provision of financial services	103	134
Payments to DCC Pension Fund for employers contributions	1,630	1,551
Payments to DCC for provision of payroll services	42	44
Cornwall Council		
Payments to CC for provision of legal services	26	32
Plymouth City Council		
Payments to PCC for provision of legal services	26	0
SAFE South West		
Payments to support start up of SAFE Charity	106	25

Some of the specialist support services for the Fire Authority are provided by other local authorities by means of Service Level Agreements. These relate to the costs of Pensions Administration, Internal Audit Services and Payroll which are provided by Devon County Council, and to the costs of Legal Advice, which is provided by Cornwall Council. The Authority provides other support services such as Accounting and Property Management in-house.

NOTES TO THE CORE FINANCIAL STATEMENTS

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. The CFR is analysed in the second part of this note.

	2015/16	2014/15
	£000	£000
Opening Capital Financing Requirement	24,091	25,915
<u>Capital investment</u>		
Operational assets	6,176	2,872
<u>Sources of Finance</u>		
Government grants and contributions	-	(1,428)
<u>Sums set aside from revenue</u>		
Minimum Revenue Provision	(1,828)	(1,822)
Direct revenue funding	(1,179)	(1,445)
Closing Capital Financing Requirement	27,260	24,091
Explanation of movements in year	2015/16	2014/15
	£000	£000
Increase/(Decrease) in underlying need to borrow	3,235	(1,801)
(Decrease) in PFI/lease liabilities	(66)	(22)
Increase/(decrease) in Capital Financing Requirement	3,169	(1,823)

27. LEASES

27.1 OPERATING LEASES AS LESSEE

Total rentals paid during the year amounted to £0.580m. It is estimated that the outstanding liability for future years, in relation to existing lease agreements is £0.302m.

	2015/16	2014/15
	£000	£000
<u>Payments recognised as an expense in year</u>	580	902
<u>Total Future Minimum Lease Payments</u>		
Payable:		
Not later than one year	195	680
Between one and five years	107	49
After 5 years	-	-
Total	302	729

NOTES TO THE CORE FINANCIAL STATEMENTS

28. PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

In a joint PFI venture, Gloucestershire County Council, Avon Fire & Rescue Service and Devon & Somerset Fire & Rescue Service receive an element of their fire training from Babcock International Group PLC, a company contracted to provide the training until 31 March 2028. The training is supplied at the Joint Fire Training Centre, Avonmouth, a facility that the service provider designed, built, financed and now operates (DBFO) under the PFI contract.

The IFRS Code accounting regulations require the asset to be included in the balance sheet relating to our 25% share of the contract. The liabilities to pay future rentals are also required to be included.

The Authority makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2016 (excluding any estimation of inflation and availability/ performance deductions) are as follows:

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	2015/16 £000	2014/15 £000
Paid in 2015/16	412	141	134	686	669
Outstanding undischarged contract obligations:					
Payable within one year	422	153	128	703	687
Payable within two to five years	1,796	754	443	2,993	2,921
Payable within six to ten years	2,507	1,328	344	4,179	4,077
Payable within eleven to fifteen years *	1,092	681	47	1,820	2,697
	<u>5,817</u>	<u>2,916</u>	<u>962</u>	<u>9,695</u>	<u>10,382</u>

* There are thirteen years remaining.

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

	2015/16 £000	2014/15 £000
Balance outstanding at 1 April	1,510	1,532
Payments in year	(66)	(22)
Balance outstanding at 31 March	<u>1,444</u>	<u>1,510</u>

29. IMPAIRMENT LOSSES & REVERSALS

The Code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure. These disclosures are consolidated in Note 11 which reconciles the movement over the year in the Property, Plant and Equipment balances.

	2015/16 £000	2014/15 £000
Impairment of Land	-	(11)
Impairment of Buildings	(501)	(812)
Net Amount Charged to the CIES	<u>(501)</u>	<u>(823)</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

30 PENSION COSTS

In accordance with the requirements of IAS19 the Devon & Somerset Fire & Rescue Authority records in its balance sheet its share of assets and liabilities related to pension schemes and matches the net amount with an equivalent pension reserve. The Authority participates in three schemes, two which are Fire Service Pension Schemes for Fire Officers which are unfunded, and the Local Government Pension Scheme which is administered by Devon County Council.

The Local Government Pension Scheme is a funded defined benefit final salary scheme meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. In addition, there is a second unfunded local government pension scheme liability which was previously reported under the LGPS but is now called out separately. This unfunded scheme is where the Authority has, as an employer, agreed to enhance the retirement pensions of staff, for which there are no additional employee contributions received.

There are four Fire pension schemes for fire officers, all of which are unfunded defined benefit final salary schemes, meaning there are no investment assets built up to meet the pension liabilities as they fall due. The schemes are administered by the Fire Authority and known as the fire fund. The schemes are balanced to zero by the receipt of top up grant received from the CLG. The first scheme is the 1992 Firefighters Pension Scheme (FPS), the second being the 2006 New firefighters pension scheme and the third being the 2006 Modified Pension scheme (reported within the 2006 scheme). From April 2015 the Fire Fighters Pension Scheme 2015 came in to being, with previous schemes being closed to new members. The Authority has one further pension liability which is in respect of injury awards issued under the Firefighters Compensation Regulations. All these schemes are now shown as one within subsequent tables and 2014/15 amounts have been totalled up accordingly.

Contribution percentages vary depending upon each scheme.

For all schemes the employee contribution is based upon their gross salary, with that percentage varying if their salary changes.

Scheme	Employer Percentage Rate 2015/16	Total Contributions expected to be made by the authority in the year to 31st March 2017 £000
Local Government Pension Scheme	18.4%	1,527
1992 Firefighters Pension Scheme	21.7%	} 4,711
2006 New firefighters Pension Scheme	11.9%	
2006 Modified firefighters Pension Scheme	21.7%	
2015 Firefighters Pension Scheme	14.3%	

The cost of retirement benefits are recognised in the comprehensive income and expenditure statement (CIES) when they are earned

There have been no material adjustments relating to pensions relating to the transition to IFRS.

The following transactions have been made in the CIES & MIRS during the year.

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 30 Pension Schemes

	LG Pension Scheme 2015/16 £000	LG Pension Scheme 2014/15 £000	LG Unfunded 2015/16 £000	LG Unfunded 2014/15 £000	Fire schemes 2015/16 £000	Fire schemes (restated) 2014/15 £000	Total 2015/16 £000	Total (restated) 2014/15 £000
Comprehensive Income & Expenditure Statement								
<i>Service Cost Comprising:</i>								
Current Service Cost	2,636	2,040	-	-	16,332	14,310	18,968	16,350
Past Service Costs	28		-	-	1,611	14,904	1,639	14,904
<i>Financing and Investment Income and Expenditure:</i>								
Net Interest Expense	902	827	10	13	21,421	23,765	22,333	24,605
Administration Expenses	16	20					16	20
CLG Pension top up grant					(12,152)	(6,988)	(12,152)	(6,988)
Total Post-employment benefits charged to the Surplus or Deficit on the Provision of Services	3,582	2,887	10	13	27,212	45,991	30,804	48,891
<i>Remeasurement of the net defined benefit liability comprising:</i>								
Expected return on plan assets (excluding the amount included in net interest expense)	1,193	(2,024)					1,193	(2,024)
Actuarial gains and losses arising on changes in demographic assumptions								
Actuarial gains and losses arising on changes in financial assumptions								
Other								
Total Post-employment benefits charged to the CIES	1,193	(2,024)	-	-	-	-	1,193	(2,024)
Movement in Reserves Statement								
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post - employment benefits in accordance with the code	(3,582)	(2,887)	(10)	(13)	(27,212)	(45,991)	(30,804)	(48,891)
<i>Actual amount charged against the General Fund Balance for pensions in the year</i>								
Employers contributions payable to scheme	1,613	1,520			4,858	4,928	6,471	6,448
Employers contributions payable to scheme (seconded not charged to general fund)	36	29	-	-	-	8	36	37
Ill health charges					410	228	410	228
Retirement benefits payable to pensioners - Authority			20	20	2,449	2,449	2,469	2,469
Retirement benefits payable to pensioners - Fund	1,259	1,242			22,871	16,391	24,130	17,633
Total Retirement benefits payable to pensioners	1,259	1,242	20	20	25,320	18,840	26,599	20,102

NOTES TO THE CORE FINANCIAL STATEMENTS

Reconciliation of the present value of the scheme liabilities	LG Pension Scheme 2015/16 £000	LG Pension Scheme 2014/15 £000	LG Unfunded 2015/16 £000	LG Unfunded 2014/15 £000	Fire schemes 2015/16 £000	Fire schemes (restated) 2014/15 £000	Total 2015/16 £000	Total (restated) 2014/15 £000
1st April	67,305	54,599	315	292	657,070	547,329	724,690	602,221
Current Service Cost	2,636	2,040	-	-	16,332	14,310	18,968	16,350
Interest Cost	2,278	2,442	10	13	21,421	23,765	23,709	26,220
Contributions by scheme participants	623	581	-	-	5,449	4,240	6,072	4,821
<i>Remeasurement (gains) and losses:</i>								
Actuarial gains and losses arising on changes in demographic assumptions	-	-	-	-	-	-	-	-
Actuarial gains and losses arising on changes in financial assumptions	(5,690)	8,885	(13)	22	(45,818)	74,518	(51,521)	83,425
Experience gains and losses	-	-	34	8	2,217	(3,156)	2,251	(3,148)
Past service Costs	28	-	-	-	1,611	14,904	1,639	14,904
Losses (gains) on curtailments	-	-	-	-	-	-	-	-
Benefits Paid	(1,259)	(1,242)	(20)	(20)	(25,320)	(18,840)	(26,599)	(20,102)
31st March	65,921	67,305	326	315	632,962	657,070	699,209	724,691

Pensions Assets and Liabilities Recognised in the Balance Sheet	2015/16	2014/15
	£000	Restated £000
Present value of liabilities		
LGPS	(65,921)	(67,305)
LGPS- unfunded	(326)	(315)
Firefighters Pension schemes	(593,869)	(615,536)
Firefighters Compensation Regulations	(39,093)	(41,535)
Fair value of assets in the LGPS	41,148	39,967
	(658,061)	(684,723)
Surplus/(deficit) in the scheme:		
LGPS	(24,773)	(27,338)
LGPS- unfunded	(326)	(315)
Firefighters Pension schemes	(593,869)	(615,536)
Firefighters Compensation Regulations	(39,093)	(41,535)
Net Liability arising from defined benefit obligation	(658,061)	(684,723)

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. All schemes have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the Devon Fund being based on the latest full valuation of the scheme undertaken in 2014.

The value of pension assets is estimated based upon information available at the Balance Sheet date, but these valuations may be earlier than the Balance Sheet date. The actual valuations at the Balance Sheet date, which may not be available until some time later, may give a different value of pension assets, but this difference is not considered to be material.

The Fire Fund has no assets to cover its liabilities. The Local Government Pension Schemes assets consist of the following categories, by proportion of the total assets held:-

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 30 Pension Schemes

Proportion of assets held - LGPS	£000	31 March 2016	£000	31 March 2015
		%		%
Gilts	1,132	3%	2,453	6%
UK Equities	9,930	24%	10,089	25%
Overseas Equities	13,224	32%	13,600	34%
Property	4,608	11%	4,093	10%
Infrastructure	1,558	4%	1,085	3%
Target Return Portfolio	5,994	15%	5,891	15%
Cash	917	2%	688	2%
Other Bonds	1,460	4%	1,354	3%
Alternative assets	2,325	6%	714	2%
Total Fair value of LGPS assets	41,148	100%	39,967	100%

Based on estimated bid values.

Movement between the opening and closing balances of the fair value of assets:	Year to 31 March 2016	Year to 31 March 2015
	£000	£000
Opening fair value	39,967	35,461
Interest Income	1,376	1,615
Return on plan assets (excluding the amount included in net interest expense)	(1,193)	2,024
Other Actuarial Gains/ (Losses)	-	-
Administration Expenses	(16)	(20)
Contributions by employer	1,670	1,569
Contributions by scheme participants	623	581
Estimated benefits paid	(1,279)	(1,262)
Fair value of scheme assets at end of period	41,148	39,967

Basis for establishing assets and liabilities	LG Pension Scheme 2015/16	LG Pension Scheme 2014/15	LG Unfunded 2015/16	LG Unfunded 2014/15	Fire Schemes 2015/16	Fire Schemes (restated) 2014/15
	£000	£000	£000	£000	£000	£000
Long-term expected rate of return on assets in the scheme	5.4%	5.4%				
Mortality assumptions						
Longevity at 65 for current pensioners						
Men	22.90	22.80	22.90	22.80	22.70	22.60
Women	26.20	26.10	26.20	26.10	25.90	25.80
Longevity at 65 for future pensioners						
Men	25.20	25.10	25.20	25.10	24.90	24.80
Women	28.60	28.40	28.60	28.40	28.20	28.10
Rate of inflation RPI	3.4%	3.3%	3.4%	3.3%	3.2%	3.2%
Rate of inflation CPI	2.5%	2.5%	2.5%	2.5%	2.3%	2.4%
Rate of increase in salaries	4.3%	4.3%			4.1%	4.2%
Rate of increase in pensions	2.5%	2.5%	2.5%	2.5%	2.3%	2.4%
Rate of increase in deferred pensions	2.6%	2.6%				
Rate for discounting scheme liabilities	3.8%	3.4%	3.8%	3.4%	3.6%	3.3%
Take-up of option to convert annual pension into retirement lump sum	50% of commutable pension				50% of commutable pension	

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes that the assumption analysed changes while all the other changes remain constant.

Sensitivity Analysis 2015/16	LG Pension Scheme	Fire Schemes	* Present Value of Total Obligation
	PV* £000	PV* £000	
Adjustment to the Discount Rate			
+0.1%	64,894	621,893	
0.0%	66,247	632,962	
-0.1%	67,630	644,246	
Adjustment to Long Term Salary Increase			
+0.1%	66,454	634,145	
0.0%	66,247	632,962	
-0.1%	66,042	631,785	
Adjustment to Pension Increases and Deferred Revaluation			
+0.1%	67,439	643,196	
0.0%	66,247	632,962	
-0.1%	65,081	622,920	
Adjustment to Mortality Age Rating Assumption			
+ 1 year	68,172	653,482	
None	66,247	632,962	
- 1 year	64,378	613,104	

NOTES TO THE CORE FINANCIAL STATEMENTS

31. CONTINGENT LIABILITIES

There are no contingent liabilities identified.

32. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

KEY RISKS

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

Credit risk – the possibility that other parties might fail to pay amounts due to the Authority.

Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.

Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority's overall financial risk management procedures focus on the unpredictability of financial markets and seek to minimise those risks. The procedures for risk management are set out through a legal framework in the **Local Government Act** and the associated regulations. These require the Authority to comply with the CIPFA Prudential code and The CIPFA Treasury Management in the Public Services Code of Practice. The Authority's Treasury Management explains the risks to the Authority and sets procedures to be followed in order to keep such risks to a minimum.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they comply with the requirements of the Authority's Treasury Management Policy mentioned above.

The following summarises the Authority's potential maximum exposure to credit risk, based on experience of default over the last five years.

	Amount as at 31 March 2016 £000	Historical Experience of Default £000	Historical Experience adjusted for market conditions as at 31 March 2016 £000	Estimated maximum exposure to default and uncollectability £000
Deposits with bank & financial institutions	27,338			
Central government & other local authorities	8,707			
Trade & other debtors	2,019			
Total	38,063	-	-	-

All deposits with the bank and financial institutions are due within a year. The Authority generally allows 28 days for debts to be settled before debt recovery processes are implemented. As at the 31 March 2016, the value of debt which exceeded this period was £24K, broken down as follows:

	2015/16 £000	2014/15 £000
Two to Three Months	23	14
Over Three Months	1	11
Total	24	25

An allowance for bad debts of £5k has been made at the year- end.

NOTES TO THE CORE FINANCIAL STATEMENTS

Liquidity Risk

The funding of the Authority comes from a variety of sources, the major ones being central government (RSG & NNDR), other local authorities (council tax) and the Public Works Loan Board (PWLB). Therefore there is no significant risk that it will be unable to raise finance to meet its liabilities. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. Accordingly, in line with its Treasury Management Policy, care is taken as to when loans are taken from PWLB or require repayment.

The maturity analysis of financial liabilities is as follows:-

	2015/16 £000	Restated 2014/15 £000
Less than one year – including trade and other creditors	5,380	7,008
Between one and two years – PWLB loan repayments	93	93
Between two and five years – PWLB loan repayments	780	280
More than five years – PWLB loan repayments	24,817	25,444
Total	31,071	32,825

Market Risk

Interest Rate risk

The Authority is exposed to interest movements on its borrowings and investments. All borrowings and investments are on fixed rates. If, for example, there was an increase in interest rates it would have the following effects:

- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried on the balance sheet at fair value, so nominal gains and losses on fixed rate borrowings would not impact upon the Income & Expenditure account. The Authority has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to inform the budget monitoring process during the year.

Price Risk

The Authority does not invest in equity shares and is therefore not exposed to losses arising from movements in the prices of shares.

Foreign Exchange risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

THE PENSION FUND

The Authority participates in four fire pension schemes those being the 1992 Firefighters Pension Scheme, 2006 New Firefighters Pension Scheme (NFPS), 2006 modified and 2015 Fire Pension Scheme. Since its inception the 2006 NFPS has been extended to allow recognition of service back to 2000. Anyone electing to buy back this service and/or continue to contribute technically belongs to the 2006 Modified scheme. For the purposes of this years accounts all fire scheme entries are shown under the one heading.

Schemes are classed as “unfunded” in that they have no investment assets, with retirement benefits now being met in year from a newly created Pension Fund. Out of the fund come pension costs and commutation payments with the “income” coming from employees and employers superannuation contributions and a “top-up” grant from central government (Communities and Local Government), to balance the fund to nil.

The fire pension fund is currently dissimilar to a normal pension fund in that it has no trustees, bank account or investment assets. The fund is managed on a separate ledger to that for normal activities of the authority.

Firefighter Pensions Fund	2015/16	Restated 2014/15
	£000	£000
Contributions receivable from:		
Fire authority:-		
a) contributions in relation to pensionable pay	(4,858)	(4,935)
b) early ill health retirements	(410)	(228)
c) Firefighters contributions	(5,449)	(4,240)
	(10,717)	(9,403)
Transfers In	(42)	-
Benefits payable		
e) pensions	15,664	14,573
f) commutations and lump sum benefits	5,032	1,538
g) lump sum death benefits	-	33
h) GAD arrears	2,217	
Payments to and on account of leavers		
i) transfers out	-	247
Net amount payable for the year	12,154	6,988
Top up grant payable by the government	(12,154)	(6,988)
	-	-
Net Assets Statement		
	2015/16	2014/15
	£000	£000
Current assets		
Recoverable overpayments of pensions Devon & Somerset Fire Authority - debtor	(3,679)	391
Current liabilities		
Top up grant payable from HomeOffice - creditor	3,679	(391)
Total	-	-

Note 1 - £8.474m had been received from CLG by 31st March 2016, comprising £6.255m being 80% of notified top up grant available and £2.219m in respect of GAD arrears. As there was a funding shortfall £3.679m is due from the Home Office in order to balance total costs to total income within the Fund.

Note 2 - As DSFRS has paid or will pay all pensions and commutation payments from its own bank account it is due reimbursement for costs incurred.

Note 3 - It should be noted that the amounts included within the firefighters pension fund are only for the period of 2015/16 and do not take into account liabilities to pay pensions or benefits after that period.

Note 4 - Included within the final 2014/15 SOA Benefits Payable, Top up Grant and Net Assets Statement was an amount of £2.215m for liabilities which had arisen as a result of a determination by the Government Actuary Department on Commutation Factors effecting the 1992 Firefighters Pension Scheme. Following confirmation from central government these costs and related grant are now shown within the 2015/16 year.

GLOSSARY OF TERMS

Accounting Policies

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

Accruals

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

Actuary

An independent professional who advises on the position of the pension fund.

Actuarial Valuation

The Actuary reviews the assets and liabilities of the pension fund every three years.

Assets

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

Balance Sheet

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

Capital Expenditure

Expenditure on the acquisition of fixed assets or expenditure which adds to and not merely maintains the value of existing fixed assets.

Capital Financing Costs

Costs associated with the financing of fixed assets, representing interest and principal repayments on loans and contributions from revenue reserves towards capital payments.

Capital Receipts

Proceeds from the sale of assets, which may be used to finance new capital expenditure or set aside for the repayment of external loans

Cash equivalents

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

Cash Flow Statement

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

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the main professional body for accountants working in the public service.

Collection Fund Adjustment Account

A reserve on the balance sheet used to hold accounting differences attributable to the collection of council tax.

Comprehensive Income and Expenditure Statement

This is a core statement reporting the net cost of the Authority and demonstrates how this cost has been financed from grants and tax payers.

The "Code"

The Code of Practice on Local Authority Accounting in the United Kingdom 2014/15. This prescribes the form and content of the Statement of Accounts, and is published by a joint committee of CIPFA and LASAAC. It is based on approved accounting standards and reflects specific statutory accounting requirements. Compliance with the Code is necessary in order that the Authority's Accounts give a "true and fair" view of its financial position and performance.

Contingent Liability

A potential liability at the balance sheet date, which is still uncertain when the accounts are submitted for approval. The liability will be included in the balance sheet if it can be estimated reasonably accurately. Otherwise the liability will be disclosed as a note to the accounts.

Creditors

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

Current Assets

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

Debtors

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

Defined Benefit Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually the scheme rules define the benefits independently of the contributions payable, are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Depreciation

The measure of the wearing out, consumption or other reduction in the economic life of a fixed asset, whether arising from use, passing of time or obsolescence through technical or other changes.

Earmarked Reserves

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

GLOSSARY OF TERMS

Financial Instruments

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

Heritage asset

An asset that is held primarily for its contribution to knowledge or culture.

International Financial Reporting Standards (IFRS)

The basis for reporting local authority accounts which came into effect on the 1st April 2010, replacing the standards on which the Statement of Recommended Practice (SORP) was based.

Inventories

The new name for stocks.

Leasing

There are two main types of leasing arrangements:

Finance leases which transfer all the risks and rewards of ownership of a fixed asset to the lessee and such assets are included within the fixed assets in the balance sheet.

Operating leases where the risks and rewards of ownership of the asset remain with the leasing company and the annual rental is charged directly to the revenue account.

Liabilities

Amounts owed by the Authority to lenders or suppliers.

Long-term borrowing

Loans raised to finance capital spending which have still to be repaid.

Minimum Revenue Provision

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

Movement in Reserves Statement

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

National Non-Domestic Rates (NNDR)

A flat rate in the pound set by Government, sometimes known as "Business Rates", levied on businesses and paid into a National Pool. The Authority receives a share from the National Pool as part of its annual funding - the redistributed amount or 'NNDR Grant'.

Property, Plant and Equipment

The term for tangible fixed assets - i.e. Assets with physical substance that are held for use in the production or supply of goods and services or for administrative purposes, and are expected to be used during more than one accounting period.

Private Finance Initiative (PFI)

A credit arrangement which enables private sector financing of public sector facilities or services.

Provisions

Amounts set aside for any liability that is likely to be incurred but where the exact amount and the date on which it will arise are uncertain.

Projected Unit Method

An accrued benefit valuation method in which the Scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a method in which the scheme liabilities at the valuation date relate to:

- a) The benefits for pensioners and deferred pensioners (i.e. Individuals who have ceased to be active members but are entitled at a later date) and their dependants allowing where appropriate for future increases, and
- b) The accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

PWLB

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

Reserves

Sums of money set aside to meet general rather than specific future liabilities. The sums set aside are charged to general funds and not to Reserve Accounts.

Revaluation

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

Revaluation Reserve

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

Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Treasury Management

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

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Agenda Item 8

REPORT REFERENCE NO.	APRC/16/12
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	28 JUNE 2016
SUBJECT OF REPORT	2015-16 DRAFT ANNUAL STATEMENT OF ASSURANCE
LEAD OFFICER	AREA MANAGER (ORGANISATIONAL ASSURANCE)
RECOMMENDATIONS	<p>(a) <i>that, subject to incorporation of any amendments that may be agreed at the meeting, the Authority draft Annual Statement of Assurance 2015-16, prepared to satisfy the requirements of the Accounts and Audit (England) Regulations and the Fire & Rescue Service National Framework and as appended to this report, be approved in principle;</i></p> <p>(b) <i>that the Statement be submitted as part of the audit process for the 2015-16 Statement of Accounts and a further report submitted to the September 2016 meeting seeking approval to the final Statement, subject to incorporation of any issues identified during the audit process.</i></p>
EXECUTIVE SUMMARY	<p>Attached for consideration and discussion is the 2015-16 Draft Annual Statement of Assurance.</p> <p>Accounting Requirements</p> <p>The <i>Accounts and Audit (England) Regulations 2011</i> requires authorities to prepare an annual governance statement in support of its statement of accounts. This governance statement is an expression of the measures taken by the authority to ensure appropriate business practice, high standards of conduct and sound governance.</p> <p>Fire and Rescue National Framework Requirements</p> <p>The revised Fire and Rescue National Framework for England sets out the requirement for fire and rescue authorities to publish Statements of Assurance. It says:</p> <p style="padding-left: 40px;">‘Fire and rescue authorities must provide annual assurance on financial, governance and operational matters and show how they have had due regard to the expectations set out in their integrated risk management plan and the requirements included in the Framework. To provide assurance, fire and rescue authorities must publish an annual Statement of Assurance’.</p> <p>One of the principal aims of the Statement of Assurance is to provide an accessible way in which communities, Government, local authorities and other partners may make a valid assessment of their local fire and rescue authority’s performance.</p>

	<p>The Statement of Assurance should be signed off by an elected member of the relevant authority who is able to take responsibility for its contents.</p> <p>Statements of assurance should be published annually by fire and rescue authorities. It is for fire and rescue authorities to decide when they should publish depending on individual reporting arrangements.</p> <p>Devon and Somerset FRS Approach</p> <p>The Devon & Somerset Fire & Rescue Service (the Service) has established a Corporate Governance group to periodically review the governance arrangements.</p> <p>It was agreed that the most appropriate way to manage both requirements is through the creation of one assurance report entitled 'Annual Statement of Assurance'.</p>
RESOURCE IMPLICATIONS	Nil.
EQUALITY RISKS AND BENEFITS ASSESSMENT (ERBA)	Not applicable.
APPENDICES	A. Draft Statement of Assurance 2015-16
LIST OF BACKGROUND PAPERS	<p>2015-16 Draft Statement of Accounts</p> <p>Fire and Rescue National Framework for England</p> <p>CLG – Guidance on statements of assurance for fire and rescue authorities in England</p> <p>CFOA – Proposed Template for Annual Statement of Assurance</p> <p>CIPFA – Delivering good governance in Local Government</p> <p>CIPFA – The role of the Chief Financial Officer in Local Government</p> <p>CIPFA – The role of the Head of Internal Audit in public service organisations</p> <p>CLG – Local Government Transparency Code 2015</p>



DEVON &
SOMERSET
FIRE & RESCUE SERVICE

Devon and Somerset Fire & Rescue Authority

2015-16 Annual Statement of
Assurance

Corporate Governance Group

Devon and Somerset
Fire & Rescue Authority

17/06/2016

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1. Introduction

Devon and Somerset Fire and Rescue Authority (the Authority) recognises that good governance leads to effective management, sustained performance, accountability of public money, continued public engagement and helps to deliver outcomes for citizens. Through good governance the Service can deliver its vision as well as ensuring there are effective mechanisms for control and the management of risk.

The Annual Statement of Assurance details the approach for how the Authority has developed and applied its governance framework in accordance with its statutory responsibilities.

2. Governance

The Purpose of Corporate Governance

Corporate Governance comprises:

- the systems, processes, culture and values, by which the Authority is directed and controlled; and
- those activities through which it accounts to, engages with and leads the community.

Corporate Governance enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant and integral part of the governance arrangements designed to manage risk to a reasonable level. It is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. While it cannot eliminate all risk of failure to achieve policies, aims and objectives, it should nonetheless provide a reasonable level of assurance of organisational effectiveness in this area.

The governance arrangements have been in place for the Authority up to the year ended 31 March 2016 and up to the date of consideration of the statement of accounts.

Code of Corporate Governance

The Authority has approved and adopted a Code of Corporate Governance, consistent with the principles of the CIPFA/SOLACE (Chartered Institute of Public Finance and Accountancy/ Society of Local Authority Chief Executives) framework "Delivering Good Governance in Local Government". A copy of the Code is on the Authority's website at

www.dsfire.gov.uk or can be obtained from the Clerk to the Authority. This Statement explains how the Authority has complied with the Code.

Accounts and Audit (England) Regulations 2015 Requirements

The 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. The 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.

The *Accounts and Audit (England) Regulations 2015* require authorities to prepare an annual governance statement in support of their Statement of Accounts. The governance statement is an expression of the measures taken by the authority to ensure appropriate business practice, high standards of conduct and sound governance.

Fire and Rescue National Framework for England Requirements

The revised Fire and Rescue National Framework for England sets out the requirement for fire and rescue authorities to publish an annual Statement of Assurance. It says:

'Fire and rescue authorities must provide annual assurance on financial, governance and operational matters and show how they have had due regard to the expectations set out in their integrated risk management plan and the requirements included in the Framework. To provide assurance, fire and rescue authorities must publish an annual Statement of Assurance'.

One of the principal aims of the Statement of Assurance is to provide an accessible way in which communities, Government, local authorities and other partners may make a valid assessment of their local fire and rescue authority's performance.

The Statement of Assurance will be used as a source of information on which to base the Secretary of State's biennial report under section 25 of the *Fire and Rescue Act 2004*.

The Statement of Assurance should be signed off by an elected member of the relevant authority who is able to take responsibility for its contents.

Statements of assurance should be published annually by fire and rescue authorities. It is for fire and rescue authorities to decide when they should publish depending on individual reporting arrangements.

Devon & Somerset Fire & Rescue Authority Approach

The Devon & Somerset Fire & Rescue Service (the Service) has established a Corporate Governance Group to periodically review the governance arrangements on behalf of the Authority. The group consists of Managers from the following teams:

- Audit & Review
- Democratic Services & Corporate Support
- Finance
- Risk & Insurance
- Procurement
- Information Assurance
- Operations

The Authority has agreed that the most appropriate way to manage both the National Framework and regulatory requirements is through the creation of one assurance report entitled 'Annual Statement of Assurance'.

The Annual Statement of Assurance is assessed initially by the Audit and Performance Review Committee prior to being submitted, alongside the Statement of Accounts for the year in question, for verification by the Authority's external auditors. The Annual Statement of Assurance is then re-submitted for approval by the Audit & Performance Review Committee prior to signature by the Committee's Chair and the Chief Fire Officer. The final Annual Assurance Statement is then published alongside the approved Statement of Accounts for the financial year in question on the Authority's website.

Review of Effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance arrangements including the system of internal control. The review of the effectiveness is informed by: the work of senior managers within the Service who have responsibility for the development and maintenance of the governance environment; the Head of Internal Audit's annual report; and also by comments made by the external auditors and other review agencies and inspectorates.

The 2015-16 review, conducted by the Corporate Governance Group in conjunction with the Audit and Performance Review Committee identified 26 key elements to the Authority's governance arrangements:

1. The Authority was constituted under the Devon and Somerset Fire and Rescue Authority (Combination Scheme) Order 2006. The Authority has strategic responsibility for discharging fire and rescue authority functions for the combined area with the day-to-day responsibility resting with the Chief Fire Officer and other officers within the Executive Board.
2. For the majority of the 2015-16 financial year, the Authority comprised 24 Members¹ appointed by the constituent authorities (Devon County Council, Somerset County Council, Plymouth City Council and Torbay Council). In addition, there is an

¹ Total membership can fluctuate annually based on operation of the apportionment formula (by reference to the relative electoral rolls of the constituent authorities) in the Combination Scheme Order. In May 2015, because of operation of this formula, the Authority saw a decrease in Membership from 25 to 24. Membership details can be found on the Authority website – www.dsfire.gov.uk

“independent person” appointed in accordance with the requirements of the Localism Act 2011.

3. For the majority of the 2015-16 financial year, the Authority operated with the following committee structure:-
 - Resources Committee (7 Members)
 - Human Resources Management & Development Committee (7 Members);
 - Audit & Performance Review Committee (7 Members);
 - Community Safety & Corporate Planning Committee (7 Members);
 - Determinations & Dispensations Committee (5 Members);
 - Commercial Services Committee (7 Members);
 - Capital Programme Working Party (4 Members).

Terms of reference for each of these bodies were approved by the Authority. The Committee structure (including terms of reference) are subject to annual review but may also be amended in-year as circumstances dictate.

During the 2015-16 financial year, the Authority undertook a fundamental review of its commercial governance arrangements. This has resulted in the appointment of an independent non-executive director to serve as the Chairman of the Board for Red One Ltd (the Authority’s commercial trading arm). It has also seen the appointment of three Authority-Member non-executive directors to the Board of Red One Ltd. and the consequential abolition of the Commercial Services Committee in February 2016.

4. The Audit & Performance Review Committee operates in accordance with the CIPFA best practice guidance on audit committees. It provides an additional level of review and scrutiny of the organisation’s internal and external audit arrangements (including consideration and monitoring of any reports and associated action plans), corporate governance and risk arrangements, and financial statements (Annual Statement of Accounts). The Committee has responsibility for the operation of the Authority’s strategy for the prevention and detection of fraud and corruption and monitors the Service’s performance against those measures contained in the approved Corporate Plan (which incorporates the Authority’s integrated risk management plan).
5. The constitutional governance arrangements are contained in the following documents:-
 - Members Roles and Responsibilities
 - Standing orders
 - Financial Regulations
 - Treasury Management Policy
 - Contract Standing Orders
 - Scheme of Delegations
 - Members Code of Conduct (including Core Values)
 - Protocol for Member / Officer Relations
 - Policy on Gifts and Hospitality
 - Scheme of Members Allowances
 - Corporate Governance Code
 - “Whistleblowing” Code (Confidential Reporting Policy)

- Strategy on the prevention and Detection of Fraud and Corruption
- Code of Recommended Practice on Local Authority Publicity

These documents, with the exception of the Code of Recommended Practice on Local Authority publicity (which is a national document issued by the Department for Communities and Local Government under Section 4 of the Local Government Act 1986), are subject to review at least annually and are updated as and when necessary to reflect legislative change, organisational change or best practice, as relevant, to ensure they remain up-to-date and fit for purpose.

6. The Treasurer is responsible for ensuring that effective financial stewardship is in place across the Service in conducting the business of the Authority. The Authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.
7. The statutory functions of the Proper Financial and Monitoring Officers provide a source of assurance that the Authority's systems of governance and internal control are effective and being complied with.
8. The 2015-16 Internal Audit Plan was approved by the Audit and Performance Review Committee on the 12 May 2015. The plan sets out the combined scope of internal audit work to be completed by the Audit & Review Team and the Devon Audit Partnership. A total of 280 internal audit days were utilised to provide assurance to the Authority relating to the management of risks and associated operational activities. The Audit & Review Team and the Devon Audit Partnership are accountable for the delivery of the plan and the policy includes the requirement to report progress to the Audit & Performance Review Committee at least three times per year. The Authority's shared service internal audit arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public service organisations.
9. The Health & Safety system includes a risk management module. Service risk registers are populated and reviewed periodically. This process in turn informs the Corporate Risk Register. The system also contains current and historic insurance claims data and associated costs that are linked to safety events and, where applicable, Service risk registers.
10. The operation of the Authority's Corporate Risk Register is reviewed by Service management on a quarterly basis to ensure that risks to the Authority's strategic objectives and corporate plans are appropriately identified and managed.
11. The Authority maintains comprehensive insurance cover to support its management of organisational risk.
12. The 2015-16 External Audit provision was provided by Grant Thornton. The scope of the External Audit work includes the Accounting Statements and Whole of Government Accounts and a Value for Money Statement. No significant issues have arisen to date from the External Audit work completed in 2015-16.
13. The Authority participates in the biennial National Fraud Initiative scheme. No significant issues have arisen from the most recent data matches published in 2014/15.

14. The Service has a Joint Health & Safety Committee which meets every 2 months to monitor health, safety and welfare of employees as per section 2(7) of the Health and Safety at Work Act 1974. All representative bodies (trades unions) recognised by the Authority, i.e. the Fire Brigades Union (FBU), the Retained Firefighters Union (RFU), the Fire Officers Association (FOA) and UNISON, are invited to sit on this Committee.
15. A Health & Safety Audit Plan has been rolled out to ensure all Devon & Somerset premises are audited against Health & Safety service policies.
16. An Operational Assurance Team has been established. As part of the 'Safe Person Concept' the Operational Safety Assurance Team monitors and reports on a variety of activities linked to Operational Response.
17. The Organisational Safety Assurance Manager attends the national Chief Fire Officer's Association (CFOA) H&S meetings & chairs the regional CFOA H&S meetings.
18. A single business change programme has been established applying recognised programme and project management approaches and standards to corporate projects, including changes as a result of the corporate planning proposals.
19. The Information Assurance Manager is responsible for managing information governance standards and processes. This year has seen the Service roll out a new secure email system with all partners and members of the public, replacing the Public Services Network solution and reducing costs. The Service is maintaining compliance with the Public Services Network standards ready for a connection to the Emergency Service Network that is due to become operational as part of the roll out of the Emergency Services Mobile Communication Programme. The Service has an Information Security Forum that oversees the development of cultural changes required to effectively manage information risk. Information assurance policies and controls are in place and continue to be developed to ensure compliance with the HMG Security Policy Framework and the Data Protection Act 1998.
20. Contract Standing Orders and individual financial thresholds have been subject to extensive review to take account both of external changes (new procurement legislation, e.g. Public Contracts Regulations 2015) and internal changes (a new Corporate Procurement Strategy and framework for the Service coupled with changes to responsibilities, working practices and systems now in place and stemming from the new Procurement Strategy). The Contract Standing Orders were approved by the Authority at its Annual Meeting in May 2015 and, as with other constitutional framework documents, are subject to annual review and in-year changes as and when required. Guidance materials on procurement and contract management are available on the Service intranet. The Contracts Database Register is up to date and meets Data Transparency requirements.
21. The Procurement Team has adopted a category management approach which includes reviewing spending, undertaking internal and external research and challenging the Service ways of working to deliver savings and efficiencies and ensuring compliance with the Public Contracts Regulations 2015 and national obligations. All spend above £20k is now managed through the Procurement Team

to: ensure compliance with EU and UK legislation and best practice; ensure that the Authority can demonstrate value for money; and deliver savings and efficiencies.

22. Red One Ltd has been established to allow the Service to deliver commercial activities within the legislative framework that applies. The Authority has taken legal advice to ensure compliance with legislative requirements and to ensure effective governance arrangements.
23. The Service Equality Plan for 2012-2016 - 'Safer Lives, Brighter Futures' - sets out the Service's commitment and approach to equalities, both in the workplace and the community. It sets out what the Service needs to do to meet its legal responsibilities and to achieve the 'excellent' level of the national Fire & Rescue Service Equality Framework. The plan is monitored by the corporate Equality Steering Group which has representatives from across the Service, including the staff networks and representative bodies.
24. A set of leadership expectations has been developed to act as a mutual contract to define what team members should expect from their Service Managers. The expectation posters are signed and then displayed in all stations and departments.
25. The Core Values framework has been developed by employees and applies to all individuals as well as underpinning how the organisation works collectively. The Core Values state that as a Service and as individuals we value:
 - Honesty, clarity and accountability
 - Respect for each other
 - Working together to improve
 - A 'can do' attitude

The 2015/16 review by the Corporate Governance Group has concluded that there are good systems, procedures and checks in place to manage the Authority's governance arrangements.

3. Financial Assurance

Statement of Accounts

It is a statutory requirement under the *Accounts and Audit (England) Regulations 2015* for authorities to publish the financial results of their activities for the year. The 'Statement of Accounts', shows the annual costs of providing the service and is determined by a Code of Practice published by CIPFA, which aims to give a "true and fair" view of the financial position and transactions of the authority.

The Treasurer is responsible for the approval of the Statement of Accounts prior to publication. To meet the requirements of the Regulations, the draft Statement of Accounts is published by the end of June with the final audited Statement of Accounts published by the end of September.

External Audit Arrangements

On an annual basis, the Statement of Accounts is subject to external audit scrutiny. Following a national procurement exercise (conducted by the Audit Commission), Grant Thornton was appointed as the external auditors for the South West region.

Grant Thornton is therefore responsible for the completion of the following assurance activities:

- Audit of the 2015-16 financial statements
- Proposed opinion on the Authority's accounts
- Proposed Value for Money conclusion

Internal Audit Arrangements

To support the External Audit process, the Authority has in place a robust system for Internal Auditing. The Audit & Review Team has worked with Senior Managers and Authority Members to develop an annual Internal Audit Plan that is delivered across the Service. The plan includes a contract with the Devon Audit Partnership to deliver specialised key financial and ICT audits.

Performance against the Plan is reported to senior managers and Members on a quarterly basis, with a year-end report produced in April/May time. The Internal Audit Plan was successfully delivered in 2015-16.

The 2015-16 year end Internal Audit report concluded that the systems in operation within the Service demonstrated a good level of internal control. The Service received a Good Standard audit report for its Key Financial Systems and a High Standard for its Payroll activities in 2015-16.

The Audit & Review Team is designing a new organisational assurance self-assessment tool that is to be rolled out across all Service areas commencing in 2016-17.

Public Contracts Regulations 2015 (“the Regulations”)

The Regulations set out the EU legal framework for contracting public authorities to follow in securing a contract for works, supplies and services where the contract value exceeds set thresholds (unless the contract qualifies for a specific exclusion as defined in the Regulations applies). The Regulations are not static but subject to change, driven by evolving European and domestic case law and UK Regulations. The EU rules reflect and reinforce the value for money focus of the Government’s procurement policy. The EU procurement regime is based on the Treaty principles of transparency, non-discrimination, equal treatment and proportionality. Even where the procurement process is not subject to the Regulations the EU Treaty based principles apply.

The Head of Procurement is responsible for ensuring that the Service processes conform to the Regulations.

Data Transparency

The Service complies with the CLG 'Local Government Transparency Code 2015' for releasing public data. The following arrangements are in place:

- A Freedom of Information Publication Scheme
- Publication of the annual statement of accounts
- Publication of all expenditure over £500
- Publication of all Government Procurement Card transactions
- Publication of Procurement Information
- Publication of land ownership
- Publication of Trade Union facility time
- Publication of a Pay Policy Statement including all senior employee salaries and the pay multiple
- Publication of fraud investigations
- Publication of Members' allowances and expenses
- Publication of External Audit reports
- Publication of all committee reports (other than those where a statutory exemption for publication applies).

4. Operational Assurance

Statutory Responsibility

Fire and rescue authorities function within a clearly defined statutory and policy framework, the key aspects of which are:

- the Fire and Rescue Services Act 2004
- the Civil Contingencies Act 2004
- the Regulatory Reform (Fire Safety) Order 2005
- the Fire and Rescue Services (Emergencies) (England) Order 2007
- the Localism Act 2011
- the Fire and Rescue National Framework for England

The Authority has the following internal assurance processes and activities to ensure its statutory responsibilities are met:

Corporate Planning

The Authority has a Corporate Plan that spans a five year period. This document communicates the strategic direction of the Service and is published on the Service Internet. The plan is reviewed annually.

The Plan also incorporates the requirements for Integrated Risk Management Planning, where the Service seeks to balance and match its resources to the level of community risk.

In addition to and complementing the Corporate Plan, the Service develops a bespoke Local Community Plan for each community area around its fire stations. Each plan is unique to that area and contains the actions the Service will take to reduce risk and improve community safety. The plans are informed by a community risk profile which brings together historic incident data, demographic, commercial and infrastructure risk factors.

The involvement of stakeholders and partners in developing future plans is important as it is recognised that their involvement will not only help raise awareness of the Service's plans but may help to identify new approaches. Stakeholders are invited to comment on proposed strategic changes to ensure that, before any decision is taken, all perspectives are taken into account.

Operating Strategies expand the strategic direction as set out in the Corporate Plan. These lower level strategies explain in more detail the vision for key areas of the Service together with the improvements required to achieve the vision. The Operating Strategies are cross-cutting rather than Department-specific.

Department Plans govern the activities undertaken in each Department. The activities are prioritised with non-pay costs identified to inform the annual revenue budget setting cycle.

Training and Development

The development of the Service's Academy has enabled the delivery of quality assured training to its staff together with supporting the organisation's commercial ambition. Activities are focused on learning and developing rather than just 'training'.

The Academy provides training for other fire services and industry on behalf of the Services trading company, Red One Limited. The commercial work is scheduled using spare capacity or utilising people employed on separate contracts to provide training in this area. The money generated is re-invested into the Service and contributes towards improving facilities and equipment. The Academy's key priority is, and always will be, the safety of the Service's firefighters.

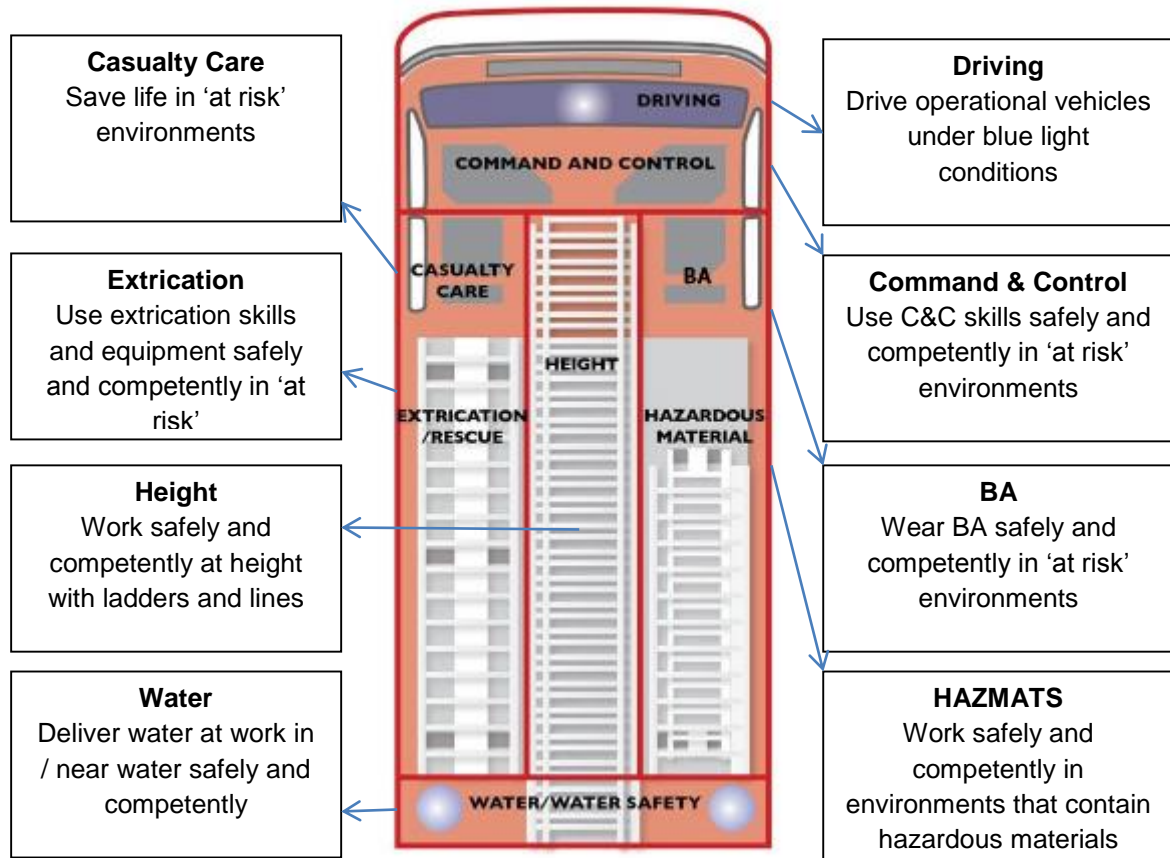
The Academy is in its third year of a three-year strategic plan that adds value by delivering training to ensure the Service has a safe and competent workforce, able to meet the expectations of those that live and work in, or visit, Devon and Somerset.

As part of the management of training, the Service operates an annual Training Needs Analysis process designed to capture the organisational training and the role development needs of all staff.

Operational Licence

The Fire Professional Framework has been developed by the Chief Fire Officers Association (CFOA) in partnership with services from across the UK and Skills for Fire and Rescue (the body that ensures a common set of underpinning skills for all the Fire Sector).

The Operational Competencies in the Fire Professional Framework are shown in the diagram below.



The eight elements identified above make up the Operational Licence. Each of the elements is relevant to an individual's role allowing them to ride, drive or be in charge of an appliance or respond as a Tactical or Strategic Command Officer. Staff holding a current Operational Licence are therefore able to carry out their operational duties anywhere within the organisation at any time.

Local variation in skill levels which are required to be at a higher level than the Operational Licence are managed on a risk basis and only remain relevant to the individual whilst their work base remains at that location.

The Academy is responsible for the design, delivery and assessment for each element of the Operational Licence. Individuals are responsible for ensuring each element is achieved and kept in date.

The Academy has rolled out its new training records system (Profile) across the Service. Profile keeps a tailored record of an assessed demonstration of the skills and knowledge they are required to maintain.

Firefighter Fitness

In December 2014 the Department for Communities and Local Government (DCLG) approved an Addendum to the National Framework for England in relation to firefighter fitness.

The Service has a Physical Fitness Policy and two dedicated Fitness Advisers in post to support Firefighters to attain and maintain the fitness standards required, and to undertake fitness testing. Fitness testing for all operational staff takes place every three years.

CFOA has recently worked with the University of Bath to develop and publish occupational fitness standards for all UK Fire and Rescue Services. The Service is to review its current arrangements based upon this new guidance material.

Operational Debriefs

An operational debrief strategy and policy is in place. Debriefs provide the opportunity for operational personnel to identify good practice and any lessons learned for further improving the delivery of service.

Process for Operational Assurance

The Authority's Corporate Plan (which incorporates Integrated Risk Management Planning requirements) contains a commitment to improve firefighter safety and consists of a number of key components:

- Listening to staff and trade unions as to how fire-fighter safety can be further improved.
- Ensuring training is not just good enough but 'excellent' as staff deserve no less.
- Ensuring that systems for sharing information between staff performing fire safety roles and staff undertaking front line firefighting / rescue are seamless.
- Supporting decision making by Incident Commanders at operational incidents.

To ensure the right focus in the right areas, an Organisational Safety Assurance Team has been established comprising firefighters and Health & Safety support staff.

This Team monitors and reports on a variety of activities linked to operational response. Key activities such as incident and exercise monitoring, station assessments and station visits form part of this framework. Working closely with the organisation's policy and performance groups, the Team works to ensure that the organisation has a clear line of sight on trends and performance to address any identified areas of concern.

As part of the roll out of the new Fire Control System, the process for mobilising Officers, including an Operational Assurance Officer will change in 2016-17. The new procedures are based on resource requirements for the relevant National Incident Type and by the size of the incident (the number of pumps in attendance).

Section 28 Reform

In accordance with the Service's commitment to staff and public safety, the Operational Assurance Team ensures that the learning outputs from tragic national events are fed back into the Service. The learning comes from other fire and rescue services directly affected, information notices (**Coroner "Rule 43" Notices**) issued as a result of inquests and recommendations to all fire and rescue services by the Health and Safety Executive (HSE).

The Operational Assurance Team works with the Service to digest the information, review the Service's ways of working, feed in improvements from the lessons learned, raise awareness across Service personnel and provide any additional training events.

Commitment to Health & Safety

The Authority recognises and accepts its responsibility for the health, safety and welfare of its employees and others who may be affected by its activities. To achieve this, the Service looks to meet all relevant requirements of the Health & Safety at Work Act 1974 (together with all other statutory provisions associated with it) and support staff in meeting their obligations under the Act.

Detailed health, safety and welfare specific arrangements are set out in harmonised Service policies developed to take account of relevant legislation and guidance, including the Health and Safety Executive's HS(G)65 methodology. The policies provide employees with relevant and comprehensive information on the risks they face and the preventative and protective measures required to control them.

A robust system for actively monitoring the effectiveness of the organisations Health and Safety Management procedures is in place. The process includes the completion of bi-annual Royal Society for the Prevention of Accidents (RoSPA) Health & Safety Audits as well as a rolling three year programme of audits of all premises and departments.

A comprehensive accident investigation system ensures all safety events are reported and investigated with corrective action completed as required. The system provides for detailed analysis of safety events to identify trends which further enhances a proactive health and safety management system. This approach has enabled the Service to secure a 66% reduction in personal injuries between 2009 and 2016.

Following a comprehensive external RoSPA audit of its Health and Safety procedures in 2012, the Service was awarded with the highest Quality Safety Audit (QSA) award possible at Level 5 (Diamond). Additionally, RoSPA informed the Service that it had achieved a second significant milestone by showing that it now complied with all

requirements for certification in Occupational Health and Safety standard (OHSAS) 18001. A subsequent RoSPA internal assessment completed in 2014 indicated that the Service had maintained its level of performance.

Collaborative and Partnership Working

In December 2012, the Fire Minister, Brandon Lewis MP, commissioned Sir Ken Knight to undertake a review of efficiencies and operations in fire and rescue authorities in England.

Sir Ken Knight's "Facing the Future" report recognises that collaborative and partnership working are key elements of driving future efficiencies. The Authority has embraced this approach by combining [Devon and Somerset] in 2007 and by pursuing a number of other initiatives.

The Service is committed to forming or joining partnerships that assist it achieving its organisational goals and contribute to its Mission of "Acting to Protect and Save". The Service continues to strengthen its partnership working with other fire and rescue services, bluelight services, local authorities, community groups and other organisations by working to common objectives at the local, regional and national level. Improving community safety is a major priority and the Service also contributes to wider community objectives identified in Local Area Agreements where appropriate.

The Service is a key participant in multi-agency liaison arrangements, joint exercises and the sharing of resources which contribute to an enhanced, effective and efficient incident response.

The Authority has recently worked in partnership with other fire and rescue authorities to secure "transformational" funding to enable:

- establishment of a CFOA national procurement hub, with the CFOA national collaborative procurement coordinator being hosted by the Service
- establishment of a web cloud for on call firefighter recruitment
- establishment of the Fire and Rescue Indemnity Company Limited (FRIC), which commenced trading on 1 November 2015 and provides an alternative to conventional insurance arrangements for nine fire & rescue authorities. FRIC operates as a mutual arrangement and in addition to providing necessary insurance protection for fire and rescue activities has generated initial savings of £300,000 split across the nine fire and rescue authorities involved.

Network Fire Control Services Partnership

The Network Fire Control Services Partnership is a significant collaboration between Hampshire, Devon & Somerset, Dorset & Wiltshire that has delivered a new fire control solution in April 2016. The new system will provide significant improvements, along with better resilience and enhanced efficiency.

Co-Responding

The Authority has a formal partnership agreement in place with the South Western Ambulance Service Foundation Trust (SWASFT) to provide a co-responder medical response (an initial medical provision to stabilise casualties in life-threatening emergencies prior to the arrival of the ambulance service).

National Resilience

The Civil Contingencies Team is responsible for ensuring that the Service meets the Authority's obligations as laid out in the Civil Contingencies Act 2004 and the Fire Services Act.

Effective arrangements are in place to collaborate with partners through Local Resilience Forums, the National Inter-Agency Liaison Officers network, the Joint Emergency Services Interoperability Programme, the Critical National Infrastructure and Safety Advisory Groups which support multi-agency planning activity.

The Service recently hosted the largest national resilience exercise in the country. Exercise "Rolling Thunder" was attended by 20 fire and rescue services national resilience teams from all over the UK, along with the Devon & Cornwall Police Disaster Victim Identification, Hazardous Area Response Teams, the Royal Air Force and local crews from the Service.

Specialist Operations

The Specialist Operations programme was set up after the events of 11 September 2001, which prompted the Government to review and improve the UK's capacity to respond to the increased threats arising from a 'new dimension' of emergency. Such threats include major incidents involving chemical, biological or radioactive materials, which would require a mass decontamination of large numbers of people, or rescue from collapsed structures.

The programme is also a response to increased risks from non-terrorist emergencies, such as major flooding resulting from changing climate patterns. In the UK we have faced the challenge of large scale flooding, the fuel crisis and a major epidemic of Foot and Mouth Disease. We need to be able to cope with and recover from a range of unexpected disruptive events, for example building collapse, or natural disasters.

The programme is split into six sections, all directly linked to each other:

- Mass Decontamination
- Urban Search and Rescue
- Water Capability
- Long Term Management
- Command & Control
- Logistics

The Service has mobilising procedures and policies in place to be able to respond to incidents anywhere in the Country, and work closely with other emergency services and organisations to provide an integrated service.

Different levels of response apply depending on the severity and location of the incident. These levels have been set nationally by DCLG.

Over the Border Mutual Aid Arrangements

Sections 13 and 16 of the Fire and Rescue Services Act 2004 allow mutual assistance arrangements to be agreed with neighbouring Services to improve resilience and capacity in border areas. The Authority has in place contractual agreements with both Cornwall and Avon fire and rescue authorities for response to life risk incidents. In addition, the Service shares Principal Officer cover with Cornwall Fire and Rescue Service.

In addition to sections 13 and 16 there is a partnership agreement between the Authority and Dorset & Wiltshire and Hampshire fire and rescue authorities to provide a shared mobilising system with the principle of ensuring that the response mobilised to an incident is always the nearest and most appropriate resource/s based upon travel time and attributes (i.e. having the necessary skills or equipment) to deal with the incident.

Business Continuity and Resilience

The Service business continuity process integrates business continuity management into day-to-day activities throughout the Service.

This, combined with the existence and maintenance of the business continuity plans, ensures that the Service can continue to function (including meeting the Authority's statutory duties as a Category 1 responder under the Civil Contingencies Act 2004) should it ever experience a business interruption from internal or external influences.

A Contingency Response Team provides the mechanism for the delivery of continuity of service in all business continuity management events. Business continuity management plans have been tested in both "test" and live environments and the Service has secured considerable success in delivering an effective and efficient operational capability.

An Independent review completed by a recognised industry expert (Paragon Risk Management Services) has identified that the Service has a comprehensive approach to Business Continuity Planning with a full suite of documentation adjudged as best practice within the Fire and Rescue Indemnity Company Limited.

Establishing a Charity

The Service has helped establish a Charitable Incorporated Organisation called SAFE South West. This new charity was set up to work with communities and the Service to

develop new and innovative community safety initiatives across communities in Devon and Somerset.



SAFE South West provides the opportunity for successful funding applications to help develop new areas of community safety activity. A recent example has seen the charity awarded a grant from Awards for All to work in partnership with the Service to develop a training package for people working in the voluntary sector. The training, which is free, is designed for workers who visit vulnerable people in their homes to increase their awareness as to what a Home Safety Visit is and how to refer those most at risk for a visit. This helps ensure that the Service carries out Home Safety Visits for those most vulnerable members of the community. Further information on SAFE South West can be found on the Charity's website – www.safeshouthwest.co.uk.

Red One Limited



Red One Limited provides industrial subcontracting, standby rescue, fire equipment commissioning/testing, fire and safety training and consultancy services for businesses both within the UK and overseas. Red One Limited is a trading company of the Authority and all income generated by Red One is used for the specific purpose of maintaining and improving the ongoing safety of our local community and firefighters.

Further information on Red One Limited can be found on its website - www.red1ltd.com

Performance Management

To ensure the organisation delivers an excellent service, a set of eight measures have been developed to assess performance against previous years and to facilitate comparison with other fire and rescue services throughout the UK. These measures also provide the public with the opportunity to see how the organisation is performing.

Quarterly performance reports are produced and scrutinised at the Audit & Performance Review Committee. These reports are also published on the organisation's Internet pages:

[Our Performance](#)

Audit & Review

The delivery of the annual Internal Audit Plan provides independent assurance to senior managers and Authority Members on the effectiveness of the risk management, internal control and governance arrangements in delivering organisational objectives.

The scope of audit work includes the review of operational activities including Response, Resilience, Protection, Prevention, Fire Control and all supporting departments.

External Assurance

To support the internal assurances processes, the Chief Fire Officers Association in conjunction with the Local Government Association has developed the Operational Assessment and Fire Peer Challenge Toolkit.

The organisation invited a Peer Challenge Team to complete a formal assessment in September 2014, the results of which have fed into the organisation's improvement programme.

The Service is using a comprehensive management framework (EFQM Excellence Model) to help to benchmark organisational performance. The Excellence Model helps the Service to recognise strengths and identify areas for improvement that are fed into the Change & Improvement Programme.

5. Future Challenges

The following future changes or challenges have been identified that may impact the Authority in the next 12 months:

- Responsibility for the fire and rescue service has moved from the Department of Communities and Local Government to the Home Office. The Home Secretary has recently announced the intention for Fire Reform. The Service will need to ensure that it supports and meets the requirements coming from the reform.
- All public services are having to operate with less money and the Authority is no exception. Significant financial pressures require each and every aspect of Service activity and business to be reviewed to ensure that it meets the primary objective of making the public safer.
- The Policing and Crime Bill published in February 2016 includes measures to put into effect the government's intention to promote greater collaboration between the emergency services. These measures feature introduction of a new statutory duty to collaborate, enabling Police and Crime commissioners to assume responsibility for fire and rescue services (subject to approval of an appropriate business case) and by affording Police and Crime Commissioners, upon request, a seat on fire and rescue authorities (with voting rights on fire and rescue matters) where governance has not transferred.

- The collaborative landscape is complex and the Authority has been exploring a wide variety of collaboration opportunities and has been instrumental in establishing the Emergency Services Forum to enable leading politicians and chief officers of all the emergency services in the South West to explore options for mutually beneficial collaboration.
- The Social Value Act 2012 at present requires public bodies, when commissioning services, to consider how wider social, economic and environmental benefits might be secured. The Act is scheduled for review with the potential for extending its provisions.
- The Department for Communities and Local Government has recently issued consultation proposals for updating the Local Government Transparency Code 2015. Any subsequent changes will need to be adopted by the Authority.

6. Significant Governance, Operational or Financial Control Issues

Continuing appraisal of the governance and internal control mechanisms during the accounting period has identified the following internal control issues which the organisation will address in the next year via Action Plans:

- a. Integrated Service Asset Register – A Strategic Assets review is underway. Collaborative opportunities are being considered as part of the review.
- b. Performance Management – A new service model has been agreed that identifies 15 service outcomes. A project has been established to identify measures by which success in achieving the 15 outcomes can be assessed. These performance measures should be designed and agreed in the current (2016-17) financial year in preparation to introduction of a new performance management system (currently scheduled for 2017-18).
- c. Policy Management – Work is currently being scoped to improve our Policy Management arrangements.
- d. On Call Additional Hours / Payments –The Service has created a System Change Advisory Board which is to review the On Call Duty System availability process (Gartan). The Service is also exploring on-call availability and reward mechanisms which also may impact on the issue of additional payments.
- e. Advocates – The Advocate initiative is to be reconsidered as part of a wider “root and branch” review of community safety initiatives to be undertaken with a view to ensuring that organisational priorities are being met and that the community safety strategy is appropriately focussed, resilient and sustainable.
- f. Collaboration – It is recognised that collaborative working is complex. Working with a range of partners to support a variety of activities will require the appropriate level of governance.

The Corporate Governance Group is satisfied that the issues identified are appropriate and that steps are already in place to address the improvement areas identified in this review. The Corporate Governance Group will regularly monitor the implementation and operation of these improvement activities as part of its quarterly meetings.

7. Framework Requirements

The Devon and Somerset Fire & Rescue Authority is satisfied that the systems and processes that are in place across the organisation fulfil the requirements of the Fire and Rescue National Framework for England.



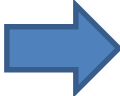

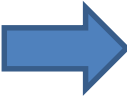
Lee Howell

CHIEF FIRE OFFICER

Ray Radford

**CHAIRMAN, AUDIT AND
PERFORMANCE REVIEW
COMMITTEE**

Appendix A – Action Plan

Identified Issue	Action Needed	Direction of Travel since 2014-15	Lead Officer	Target Implementation Date
Integrated Service Asset Register	An integrated service asset register needs to be developed and embedded to ensure all assets are effectively recorded and managed.		Head of Fleet	To be agreed.
Performance Management	The performance management framework that is currently under development needs to be finalised and rolled out.		Area Manager Strategy and Business Change	To be agreed.
Policy Management	A policy management process needs to be developed and embedded.		Area Manager Organisational Assurance	To be agreed.
On Call Additional Hours / Payments	The on call additional hours / payments process and supporting controls need to be reviewed. This is currently being progressed through the Gartan System Change Advisory Board.		Head of Human Resources	To be agreed.
Advocates	The Advocate initiative needs to be included in the scope of the 'root and branch' community safety review.		Area Manager Community Safety	To be agreed.
Collaboration	An appropriate level of governance needs to be applied to Collaborative working initiatives.	New	Executive Board	To be agreed.

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Agenda Item 9

REPORT REFERENCE NO.	APRC/16/13
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	28 JUNE 2016
SUBJECT OF REPORT	STRATEGIC SELF ASSESSMENT
LEAD OFFICER	AREA MANAGER (ORGANISATIONAL ASSURANCE)
RECOMMENDATIONS	That the report be noted.
EXECUTIVE SUMMARY	<p>At the previous meeting in April 2016, the Audit & Performance Review Committee endorsed the development of a strategic self-assessment process and a progress update for information purposes is contained within this report.</p> <p>Following a desk top review of the existing strategy, a revised internal audit and review strategy has been developed. The new strategy has been developed to enable a wider, more systematic approach to delivery of internal audit via internal or external resources, as well as part of the strategic alliance.</p> <p>This will ultimately support and lead to improved delivery of key objectives as well as better positioning the Service to meet external expectations. It will also enable the Service to achieve a more cost effective approach to audit and review.</p>
RESOURCE IMPLICATIONS	Resources are scalable to meet need.
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	Not applicable
APPENDICES	Nil.
LIST OF BACKGROUND PAPERS	Report to the Audit & Performance Review Committee in April 2016 (Minute *APRC/28 refers) – Proposed change of strategy internal audit and review.

1. **INTRODUCTION**

- 1.1 At the previous meeting in April 2016, the Audit & Performance Review Committee endorsed the development of a strategic self-assessment process and a progress update for information purposes is contained within this report.
- 1.2 Internal audit and review falls within the scope of the Organisational Assurance department and amongst other matters, a strategic self-assessment process development is nearing completion.

2. **REVIEW OF CURRENT STRATEGY AND METHODOLOGY**

- 2.1 A desktop review of current audit and review arrangements and has considered aspects such as:
- cost/value for money – the Service’s current costs could be viewed as high when benchmarked against other fire and rescue services;
 - internal needs/expectations;
 - emerging trends and issues nationally; and
 - external (audit) expectations.

3. **FUTURE STRATEGY AND METHODOLOGY**

- 3.1 The intention is to have the internal self-assessment and assurance map processes validated by the Authority’s current external auditors – Grant Thornton - to provide assurance that the approach is fit for purpose and meets recognised standards.

4. **FUTURE ANNUAL AUDIT PLANS**

- 4.1 Going forward, annual audit plans will be shaped and determined by:
- statutory ‘must do’s’ (national framework matters, etc.);
 - emerging requirements from the Home Office and other bodies such as the Chartered Institute for Public Financial Accountants (CIPFA);
 - outcomes of internal self-assessment referenced above; and
 - matters drawn from the corporate risk register.

5. **EXPECTED OUTCOMES**

- 5.1 The outcomes expected from the strategy change include:
- increase in systematic audit and review of Service activities through structured self-assessment;
 - improved provision of information of data and intelligence (via assurance mapping)
 - that can be used to improve performance;
 - processes that can be delivered using internal, external or strategic alliance
 - resources;

- the Service will be better placed/prepared to meet the/any requirements
- emerging from the Home Office;
- a more strategic approach to internal assurance provision; and
- improved and more cross-cutting assurance information for Members.
- Self-assessment tool deployment to commence July 2016
- process can be applied to different assessments / inspections by changing the question set.

NICK MANNING
Area Manager (Organisational Assurance)

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Agenda Item 10

REPORT REFERENCE NO.	APRC/16/14
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	28 JUNE 2016
SUBJECT OF REPORT	DEVON & SOMERSET FIRE & RESCUE SERVICE PERFORMANCE REPORT: April 2015 TO March 2016
LEAD OFFICER	CFO Lee Howell
RECOMMENDATIONS	<i>That the report be noted.</i>
EXECUTIVE SUMMARY	<p>Attached for consideration and discussion is the Devon & Somerset Fire & Rescue Authority Performance Report for the reporting period of April 2015 – March 2016 (focus Quarter 4, 2015/16).</p> <p>In the report we use green to represent normal performance, amber to represent performance which may require monitoring and red to represent performance which needs investigation.</p> <p>The key messages within the report are also given green, amber and red ratings which are established through assessing the different types of analysis i.e. performance vs previous year, performance vs previous quarter, trends and performance against normal variation. This method gives a more rounded picture of performance and directs focus more effectively on emerging issues.</p> <p>Commentary is provided direct from those leading on improving performance for areas outlined in the key messages to provide context.</p>
RESOURCE IMPLICATIONS	None
EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)	None
APPENDICES	Devon & Somerset Fire & Rescue Authority Performance Report for the reporting period of April 2015 – March 2016 (focus Quarter 4, 2015/16).
LIST OF BACKGROUND PAPERS	Devon & Somerset Fire & Rescue Authority Corporate Plan

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Performance Report

Audit and Performance Review
Committee: Quarter 4 – 2015/16



About this report

In this performance report for Devon & Somerset Fire & Rescue Service we examine the dataset for the full year April 2015 to March 2016.

The report will focus on performance against the three service priorities; Public Safety, Staff Safety and Efficiency and Effectiveness.

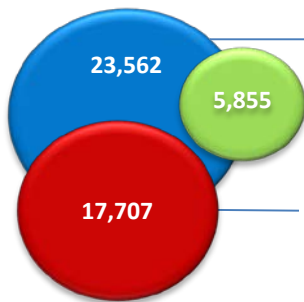
Contents

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Executive Summary

Priority: Public Safety - Response

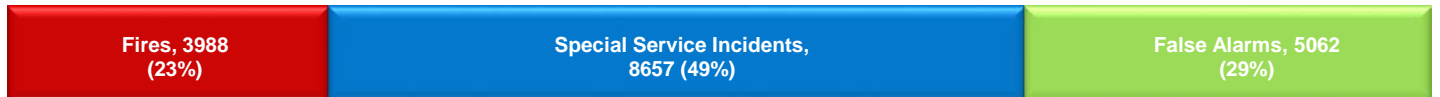


Emergency Calls Handled - in the 12 month period from Apr-15 to Mar-16 Devon and Somerset Fire and Rescue Service handled 23,562 emergency calls in the DSFRS area.

Emergency Calls Not Attended - of these calls 5,855 (25%) did not result in attendance at an incident. For example, a call may be challenged if it is thought to be malicious or a response may be stood down as it is no longer deemed necessary.

Emergency Calls Attended - of these calls 17,707 (75%) resulted in attendance at an incident.

The information below gives some context around emergency response activities.



Incidents Attended - Fires



Fire incidents are broken down into three high level categories:

Primary fires include all fires in non-derelict buildings (excluding where confined to a chimney), outdoor structures, non-abandoned vehicles or any fire involving death, injury, rescue or more than five appliances.

Secondary fires include the majority of outdoor fires such as grassland or refuse (unless involving death, injury or rescue), derelict buildings and abandoned vehicles.

Chimney fires include all fires in chimneys that did not extend beyond the chimney itself.

Incidents Attended - Special Service



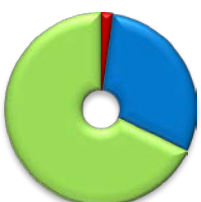
Special service incidents are broken down into three high level categories:

Road Traffic Collisions (RTCs) include all collisions attended by DSFRS which did not result in a fire. DSFRS does not attend all RTC incidents and figures only represent those which were attended by the Service.

Co-responder incidents are medical emergencies for which DSFRS provide first response on behalf of the South West Ambulance Service Trust (SWAST). There are 19 co-responder stations in DSFRS which use specialist vehicles and equipment.

Other incidents include flooding, rescue from height / confined space, animal rescue

Incidents Attended - False Alarms

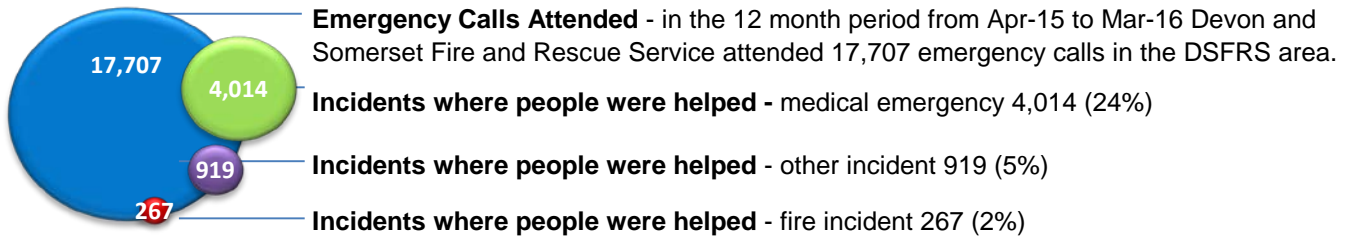


False alarm incidents are broken down into three high level categories:

Malicious False Alarms (MFAs) are calls made with the intention of getting the Service to respond to a non-existent incident.

False Alarm Good Intent (FAGIs) are calls made in the belief that the Service would attend an emergency incident. For example, smoke in the distance may be a bonfire that is under control.

Automatic Fire Alarm (AFAs) are calls initiated by fire alarm or fire-fighting equipment operating, this includes accidental initiation of alarm equipment.



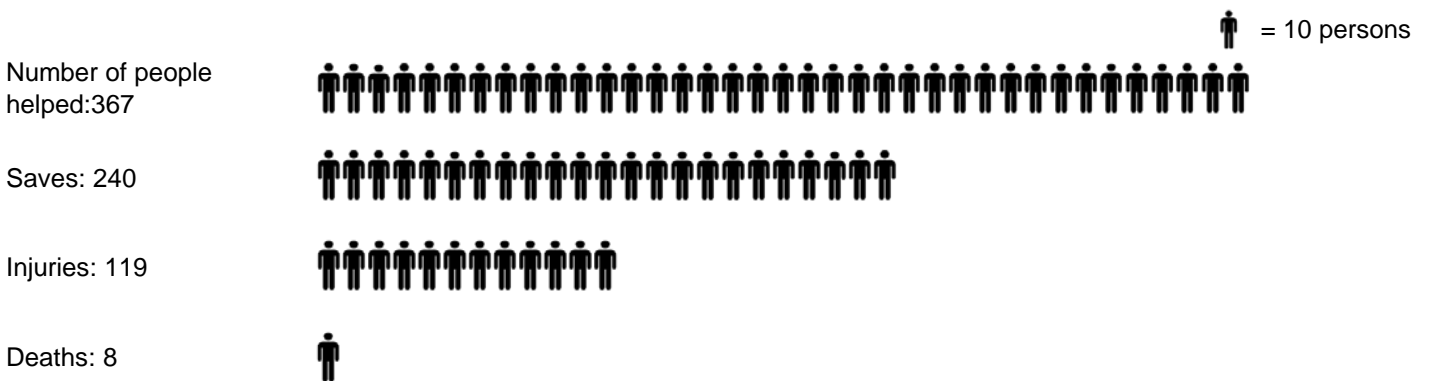
The information below gives some context around the number of people the Service directly helps at emergencies by incident type.

Fire Related Saves, Injuries and Deaths

How often does the Service have to help people at fire incidents?



What happened to those who needed help at the 267 fire incidents?



What is the Service doing to reduce fire incidents, injuries and deaths?

Prevention Activities

Between April 2015 and March 2016 the Service conducted 9968 targeted Home Safety Visits (this figure includes ‘Level 2 Home Fire Safety Visits’, ‘Replacement Alarm Visits’, ‘Level 1 Home Fire Safety Visits’ and ‘Level 1 Home Fire Safety Checks’, but excludes ‘Home Safety Follow-up Visits’) to those identified as having the most to benefit from our expert guidance and support. We work closely with our colleagues in other agencies and third sector organisations to build partnerships that enable us to ensure that our resources are used to provide maximum benefit to the community.

We engage with our communities in a variety of ways including educating children and young people through schools talks and structured programmes such as Fire Cadets, Phoenix and FireSetters. Between April 2015 and March 2016 the Service has undertaken over 6,000 activities to improve public safety (this figure comprises all Prevention Activities except ‘Level 2 Home Fire Safety Visits’, ‘Replacement Alarm Visits’, ‘Level 1 Home Fire Safety Visits’, ‘Level 1 Home Fire Safety Checks’ and ‘Home Safety Follow-up Visits’).

Protection Activities

DSFRS has a statutory obligation to ensure that non-domestic premises and public events are compliant with fire safety regulations. Between April 2015 and March 2016 the Service has conducted over 3,000 fire safety checks (3265), over 550 fire safety audits (605) and over 5,500 other protection activities (6613) to ensure public safety.

The Quarter 4 2015 Performance Report is also the year-end report and provides an opportunity to review the performance of the Service over the past 12 months. Overall it is pleasing to note that performance against the 8 primary measures has either improved or at least held steady, this implies that the activity being undertaken is having a positive effect be that prevention, protection or response. However, there is more we can do.

Fire Deaths

Notably we have seen periodic increases in fire injuries and no overall decrease in fire deaths over the last quarter and the 12 month period. The data analysis team are producing a report on the fire-related deaths over the past 5 years to support our understanding of why these tragedies occurred and if there are any lessons to be learned in terms of targeting our activity. The analysis will be fed into the revised Community Safety Strategy currently being written.

Fire Injuries

There is a continued focus on ensuring that a true picture of fire injuries is understood. In the Q3 performance report, we described how the number of fire injuries may have increased following the introduction of FPOS training, which directs staff to ensure that people attend hospital for a check-up, even if their symptoms appear minor. A pilot is now being instigated in the Service to make follow-up visits to people who have been injured in fires to improve customer care after the event, to check our data on the causes of both their fire and the associated injuries, to identify positive and negative aspects of our Service Delivery and to further promote the uptake of home fire safety visits.

Incident Data Capture

The ICT department is embarking on a development with Service Delivery staff aiming to reduce staff time spent on data entry and improving data consistency with a single streamlined process to capture incident data. It will collect incident information that can be fed to the Home Office's Incident Recording System (IRS) and other data relating to the incident together in one place, with the input screens adapting to the entered information so that only relevant additional data is requested. This process will be accessible on a variety of service devices and allow collection of data for the event that is more relevant, accurate, comprehensive and timely. This approach supports the service goals of efficiency and effectiveness and the data can be used to inform activities which support increased community wellbeing through targeted input by DSFRS and our partners.

Sickness Update

Sickness continues to be a focus for the organisation with varied performance in different staff groups. The overall trend for the Service is improving but where there are smaller numbers of staff the figures can be skewed by the long-term sickness of individuals. We are investing in firefighter fitness for the future and investigating more vocational-based methods of testing the fitness of our operational staff in an effort to further reduce sickness rates and keep appliances available. We have a focus on the mental health and wellbeing of staff which will continue into the new performance year.

Co-responding

The Service has seen an increase in the number of special service calls attended, these are primarily co-responding incidents. As a partner to the South West Ambulance Service we are justly proud of our activity in this area which is saving lives on a daily basis. As the success of our prevention and protection activity continues to reduce the number of fire incidents that we attend we are investigating ways of enhancing our ability to deal with medical emergencies and support our NHS partner in reducing incidents and contributing to community wellbeing.

The incident related data that are used in this section of the report are sourced from the Incident Recording System (IRS). The data was sourced on the 12/05/2015 at which time there were 1 IRS forms awaiting completion.

Measure 1: Deaths as a result of fires where people live

A fire related death is recorded if the cause of death is directly as a result of fire, even if death occurs after the incident. This is a critical to quality measure and will show as amber or red in the "Against Expected" section if a death has occurred.

Measure Breakdown	3 month (vs previous)	12 month (vs previous)	Trend (months)			Against Expected																	
			12	36	60	Apr-15 Mar-16																	
Deaths - All Fires	2 (0%)	8 (0%)	●	↓	↑	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Deaths - Accidental Fires	2 (0%)	6 (-14%)	↓	↓	↓	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Deaths - Deliberate Fires	0 (0%)	2 (+100%)	↑	↑	↑	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

Measure 2: Injuries as a result of fires where people live

A fire injury is recorded if the cause of injury is directly as a result of fire and required hospital treatment. This includes where an injury has occurred as a result of attempts to escape such as falls resulting in injury.

Measure Breakdown	3 month (vs previous)	12 month (vs previous)	Trend (months)			Against Expected																	
			12	36	60	Apr-15 Mar-16																	
Injuries - All Fires	19 (-24%)	83 (+41%)	↑	●	↑	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Injuries - Accidental Fires	19 (-21%)	76 (+38%)	↑	↑	↑	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Injuries - Deliberate Fires	0 (-100%)	7 (+75%)	↑	↓	↓	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

Measure 3: Fires where people live

All primary fire incidents occurring at domestic premises (does not include sheltered accommodation, hotels etc).

Measure Breakdown	3 month (vs previous)	12 month (vs previous)	Trend (months)			Against Expected																	
			12	36	60	Apr-15 Mar-16																	
All Fires	251 (-2%)	966 (-1%)	↓	↓	↓	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Accidental Fires	233 (-4%)	907 (-1%)	↓	↓	↓	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Deliberate Fires	18 (+50%)	59 (-3%)	↓	↓	↓	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

Measure 4: Fire related deaths where people work, visit and in vehicles

A fire related death is recorded if the cause of death is directly as a result of fire, even if death occurs after the incident. This is a critical to quality measure and will show as amber or red in the "Against Expected" section if a death has occurred.

Measure Breakdown	3 month (vs previous)	12 month (vs previous)	Trend (months)			Against Expected																	
			12	36	60	Apr-15 Mar-16																	
Deaths - All Fires	0 (0%)	0 (-100%)	↓	↓	↓	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Deaths - Accidental Fires	0 (0%)	0 (-100%)	↓	↓	↓	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Deaths - Deliberate Fires	0 (0%)	0 (-100%)	↓	↓	↓	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

Measure 5: Fire related injures where people work, visit and in vehicles

A fire injury is recorded if the cause of injury is directly as a result of fire and required hospital treatment. This includes where an injury has occurred as a result of attempts to escape such as falls resulting in injury.

Measure Breakdown	3 month (vs previous)	12 month (vs previous)	Trend (months)			Against Expected																	
			12	36	60	Apr-15 Mar-16																	
Injuries - All Fires	8 (+33%)	36 (0%)	●	↓	↑	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Injuries - Accidental Fires	6 (+20%)	29 (+12%)	↑	↓	↑	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Injuries - Deliberate Fires	2 (+100%)	7 (-30%)	↓	↓	↑	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

Measure 6: Fires where people work, visit and in vehicles

All primary fire incidents in non-domestic premises such as hotels, shops, schools, outdoor structures and in vehicles (including where a fire has occurred as a result of a collision).

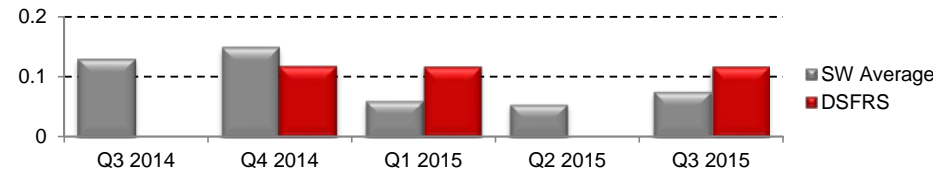
Measure Breakdown	3 month (vs previous)	12 month (vs previous)	Trend (months)			Against Expected																	
			12	36	60	Apr-15 Mar-16																	
All Fires	286 (+9%)	1250 (-8%)	↓	↓	↓	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Accidental Fires	211 (+8%)	959 (-7%)	↓	↓	↓	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Deliberate Fires	75 (+10%)	291 (-10%)	↓	↓	↓	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

Benchmarking

The Service benchmarks performance against regional partners in order to understand how it is performing in relation to the region. Benchmarking figures are calculated as a rate to allow comparison.

Measure 1: Benchmarking Q3 2015-16

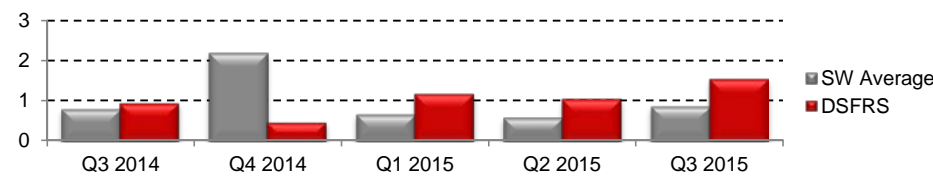
The chart below shows the rate of death at fires where people live per 100,000 population. The table to the right show where DSFRS ranks.



Service	Rate	Rank Low-High
FRS 5	0.16	1
FRS 3	0.18	2
DSFRS	0.35	3
FRS 2	0.36	4
FRS 4	0.43	6
FRS 6	N/A	N/A

Measure 2: Benchmarking Q3 2015-16

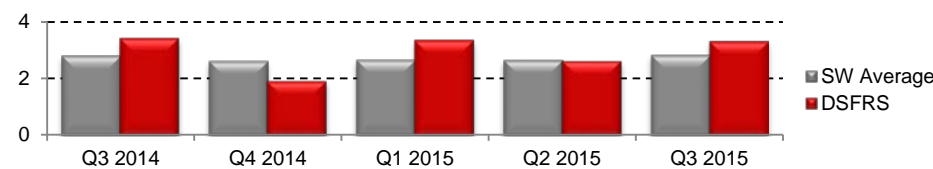
The chart below shows the rate of injury at fires where people live per 100,000 population. The table to the right show where DSFRS ranks.



Service	Rate	Rank Low-High
FRS 3	2.40	1
FRS 5	2.79	2
FRS 2	3.10	3
FRS 4	3.66	4
DSFRS	4.25	5
FRS 6	N/A	N/A

Measure 3: Benchmarking Q3 2015-16

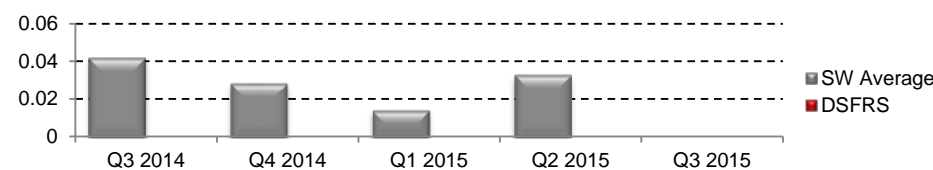
The chart below shows the rate of fires where people live per 10,000 domestic premises. The table to the right show where DSFRS ranks.



Service	Rate	Rank Low-High
FRS 4	9.91	2
FRS 2	10.80	3
DSFRS	11.26	4
FRS 3	12.43	5
FRS 5	12.63	6
FRS 6	N/A	N/A

Measure 4: Benchmarking Q3 2015-16

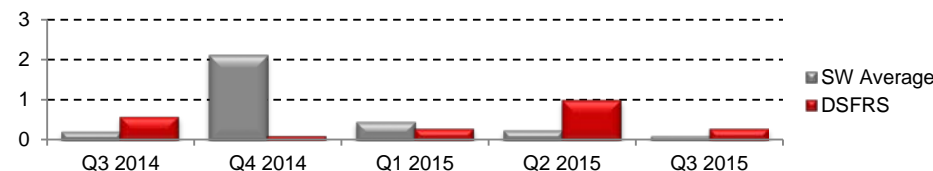
The chart below shows the rate of death at fires where people work and visit per 100,000 population. The table to the right show where DSFRS ranks.



Service	Rate	Rank Low-High
DSFRS	0.00	1
FRS 2	0.00	1
FRS 3	0.00	1
FRS 4	0.08	4
FRS 5	0.16	5
FRS 6	N/A	N/A

Measure 5: Benchmarking Q3 2015-16

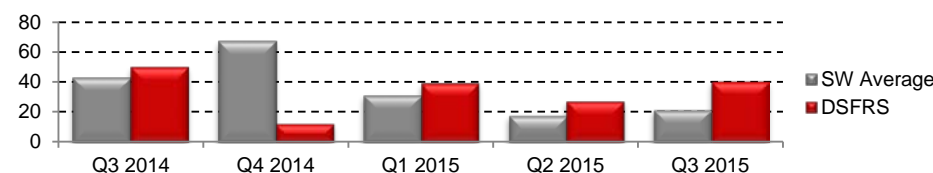
The chart below shows the rate of injuries at fires where people work and visit per 100,000 population. The table to the right show where DSFRS ranks.



Service	Rate	Rank Low-High
FRS 3	0.18	1
FRS 4	0.85	2
FRS 5	0.98	3
FRS 2	1.18	4
DSFRS	1.71	5
FRS 6	N/A	N/A

Measure 6: Benchmarking Q3 2015-16

The chart below shows the rate of fires where people work and visit per 10,000 non-domestic premises. The table to the right show where DSFRS ranks.



Service	Rate	Rank Low-High
FRS 3	93.22	1
FRS 4	119.13	2
FRS 5	122.19	3
DSFRS	128.46	4
FRS 2	172.65	5
FRS 6	N/A	N/A

Measure 2: Injuries as a result of fires where people live

There have been 83 injuries at fires where people live in the 12 month reporting period from Apr-15 to Mar-16, a +40.7% change compared to the previous 12 month period (59 injuries).

There have been 19 injuries at fires where people live in the current quarter (Jan-16 to Mar-16), a -24% change compared to the previous quarter (25 injuries).

In the current quarter there have been 3 months within normal range, 0 within monitor range, 0 within action range.

Trends: long-term (60 months) - UP; medium-term (36 months) - LEVEL; short-term (12 months) - UP

Measure 4: Fire related deaths where people work, visit and in vehicles

There have been 0 fire-related deaths where people work and visit and in vehicles in the 12 month reporting period from Apr-15 to Mar-16, a -100% change compared to the previous 12 month period (2 deaths).

There have been 0 fire-related deaths where people work and visit and in vehicles in the current quarter (Jan-16 to Mar-16), a 0% change compared to the previous quarter (0 deaths).

In the current quarter there have been 3 months within normal range, 0 within monitor range, 0 within action range.

Trends: long-term (60 months) - DOWN; medium-term (36 months) - DOWN; short-term (12 months) - LEVEL

Measure 6: Fires where people work, visit and in vehicles

There have been 1250 fires where people work and visit and in vehicles in the 12 month reporting period from Apr-15 to Mar-16, a -7.6% change compared to the previous 12 month period (1353 fires).

There have been 286 fires where people work and visit and in vehicles in the current quarter (Jan-16 to Mar-16), a +8.7% change compared to the previous quarter (263 fires).

In the current quarter there have been 3 months within normal range, 0 within monitor range, 0 within action range.

Trends: long-term (60 months) - DOWN; medium-term (36 months) - DOWN; short-term (12 months) - DOWN

Measure 3: Fire where people live

There have been 966 fires where people live in the 12 month reporting period from Apr-15 to Mar-16, a -0.9% change compared to the previous 12 month period (976 fires).

There have been 251 fires where people live in the current quarter (Jan-16 to Mar-16), a -4.1% change compared to the previous quarter (255 fires).

In the current quarter there have been 3 months within normal range, 0 within monitor range, 0 within action range.

Trends: long-term (60 months) - UP; medium-term (36 months) - DOWN; short-term (12 months) - DOWN

Measure 5: Fire related injures where people work, visit and in vehicles

There have been 36 injuries at fires where people work and visit and in vehicles in the 12 month reporting period from Apr-15 to Mar-16, a 0% change compared to the previous 12 month period (36 injuries).

There have been 8 injuries at fires where people work and visit and in vehicles in the current quarter (Jan-16 to Mar-16), a +33.3% change compared to the previous quarter (6 injuries).

In the current quarter there have been 2 months within normal range, 1 within monitor range, 0 within action range.

Trends: long-term (60 months) - UP; medium-term (36 months) - DOWN; short-term (12 months) - DOWN

Measure 1: Deaths as a result of fires where people live

There have been 8 fire-related deaths where people live in the 12 month reporting period from Apr-15 to Mar-16, a 0% change compared to the previous 12 month period (8 deaths).

There have been 2 fire-related deaths where people live in the current quarter (Jan-16 to Mar-16), a 0% change compared to the previous quarter (2 deaths).

In the current quarter there have been 2 months within normal range, 1 within monitor range, 0 within action range.

Trends: long-term (60 months) - UP; medium-term (36 months) - DOWN; short-term (12 months) - DOWN

How is DSFRS improving performance?

Reducing fires in the home and related injuries and deaths

Related headlines:

- Decrease in injuries as a result of fires where people live in Q4 2015
- Decrease in fires where people live in Q4 2015
- Two fire-related deaths where people live in Q4 2015

What we are doing to improve performance:

A root and branch review of prevention and protection activity is currently being undertaken which will lead to an improved focus on core activity as well as efficiencies and increased effectiveness reducing community risk. Specific improvements are being made at headquarters and in the Groups, such as increasing prevention and protection work carried out at Ilfracombe while supporting the shift from wholetime to on-call status and expanding local initiatives across the Service that engage with partners and high-risk groups.

A multi-layer approach to data is now being introduced to improve the information available in targeting those most at risk of having a fire in the home. By overlaying risk factors and combining datasets, the Service can predict with a greater degree of accuracy households that may be at higher risk of fire and staff can be provided with a more accurate assessment of Community Risk and Vulnerability on a house-by-house basis. With this information, Groups are able to direct activity more effectively. This has been piloted in Central Command and following refinement will be extended to all areas.

The Home Fire Safety Pilot, which operated in Central Command, has been reviewed utilising a systems approach and lessons are being evaluated. Clear improvements have been identified and will be presented in an options paper. It is believed that this will lead to Service-wide improvements and a more consistent and coherent approach to delivery of home safety. Overall the number of Home Fire Safety Checks undertaken by the Service increased by more than 200% from 3477 in 2013/14 (the last complete year before the pilot) to 9968 in 2015/16. The pilot area increased their tally from 565 to 4899 over the same period.

Direct mailing of over 85s, who have been identified through data provided from GPs, has led to a large number of visits for this vulnerable cohort. This initiative is being rolled out across the Service.

The provision of Safeguarding training has led to an increase in the number of referrals for vulnerable adults. Refinements to the onward referral process have enabled earlier interventions and involvement of key partner agencies. Re-alignment of the Safeguarding Lead role has improved consistency of representation on Safeguarding Boards at strategic level, facilitating the development of key information-sharing protocols/partnership working.

Trigger Point Training is being provided for staff from partner agencies, to help them identify risk factors and to provide a clear referral route.

Changes in Health funding means that it continues to be difficult to establish a cohesive approach to "Safe and Well" visits. However, localised initiatives are still being developed specifically to target the elderly (over 85) within rural communities.

The Service Media Team and the Community Safety Team are currently undertaking market research in order to direct safety messages in the most effective way and with the maximum impact.

Sample of major local initiatives

The Integrated Care Project (ICE) continues to expand in the wider Exeter area-this is a multi-agency project designed to ensure those at risk receive the right interventions and support at the right time.

A new Police Community Support Officer / On Call Fire-fighter joint role (PFCSO) has been established as a pilot in North Devon. This provides valuable Community Safety and improved identification of vulnerable people. The scheme has also resulted in improved operational cover in a range of stations. The pilot is currently being evaluated with a view to it being extended.

Reducing fires in the home and related injuries and deaths continued...

It is identified that **localised “place” initiatives** can significantly contribute to efficiency and community risk reduction. For example, the “One Ilfracombe” Town Team and, as of spring 2016, the “One Bideford” Town Team provide integrated support to those most at risk within the area. In Ilfracombe, collaboration with the Living Well Team has included a pilot with NHS health improvement specialists to **promote neighbourhood health action schemes** as well as signposting vulnerable clients under the "make every connection count" initiative. Other 'One' towns are being established in Somerset and are already demonstrating value with Home Fire Safety Check referrals being generated.

Closer working with the “Community Connectors” is believed to be leading to better identification of those most at risk from fire. Specific station staff have been designated as “Community Support Officers” in Somerset to improve community engagement with local organisations and partners such as Police Community Support Officers, first responders, schools, medical practices and most importantly the Parish Councils. The aim is to directly identify additional vulnerable, at-risk groups to generate Home Fire Safety Visits.

Somerset East Group has entered discussions with Somerset County Council to look at co-locating key agencies within the Library in Yeovil town centre to provide a community hub. Discussions are being held to look at how the DSFRS fire prevention teams can support this initiative and gain valuable information from partners.

Western Command West also made progress in their discussions to establish a multi-agency community safety hub co-located with Fire, Police and Council with invitations to Health. They are also working closely with the Plymouth Police Community Inspector to discuss new ways of working together in identifying those at most risk from fire. This may include members of the DSFRS community safety team working with the Police community team for a few days a month from joint locations.

The same group's prevention team plans to participate in Plymouth Junior Life Skills week, which will address safety issues in the home and be delivered to approx. 2500 school children.

Phoenix courses have continued to be run successfully. These are designed to reduce fire risk and fire-related crime by working with young people aged 15-18 who have been identified as ‘at risk’. In a similar age group, Plymouth cadets were also launched in January 2016.

Central North Group has also trained a Non-Operational Fire Safety Officer to carry out home safety visits at the same time as joint inspections of houses in multiple occupation as part of a pilot initiative between DSFRS and North Devon Council. This single inspection allows an improved opportunity to engage with tenants, assessing the standard of housing whilst ensuring the property is safe from fire. This scheme will progress to a dual-warranted approach, where the individual will use powers of the FRS and Environmental Health to access all parts of the premises.

Groups have continued to proactively seek out partners who deal face-to-face with targeted vulnerable people. The Trigger Point training delivered to partners presents a user-friendly way of making a referral to the Service for Home Fire Safety Visits.

- Central East created 56 partnerships in the year since it started generating over 750 high quality referrals for those most at risk, while Central North have signed up 66 partners generating around 500 such referrals. Partners include the NHS, mental health organisations, charities such as Age UK and Westbank Community Health and Care, the voluntary sector, probation services, neighbourhood beat teams, city and district councils, care homes and housing associations.
- Somerset East Group have been exploring a partnership agreement with Yarlinton Housing, which has 10,000 properties across Somerset and the surrounding counties.
- The current Prevention partnership strategy in South Devon has led to 1816 visits completed, more than double the original Local Community Plan target of 500 for 2015/16.
- There are plans across the Service to expand such partnership opportunities further as well as reviewing existing partnerships to ensure they have tangible outcomes.

The restructuring of the Service began in March 2016 and one benefit will be the increased focus on reviewing local initiatives to provide opportunities to identify and promulgate good practice and to direct resources in a more consistent way.

Reducing fires where people work, visit and in vehicles and related injuries and deaths

Related headlines:

- Fire-related deaths where people work, visit and in vehicles remain at 0
- Increase in fires where people work, visit and in vehicles in Q4 2015
- Increase in fire-related injuries where people work, visit and in vehicles in Q4 in 2015

What we are doing to improve performance:

Community Safety Protection is targeted using a risk-based approach. Internal and external data and local intelligence is utilised to identify which sectors of the business community would benefit from direct contact via inspections or focused activities such as seminars or compliance events. This ensures that limited resources are used effectively and efficiently, benefitting compliant businesses by minimising disruption to their day to day activities.

The Community Safety Protection Team at SHQ has recently completed a review of all enforcement action across the Service to ensure consistency of approach and that resources are effectively targeted towards risk.

- Findings from the review have been made known to practitioners, highlighting where improvements are required. This ensures that there is consistent delivery of Protection activities Service wide.
- This work is further supported by monthly reports which facilitate monitoring of Enforcement Notices ensuring that businesses affected by the Notices are given advice and encouraged to comply within expected time scales. This reduces the need for legal action for non-compliance, as well as ensuring safe standards are met within acceptable time limits.

To provide a consistent approach to mixed-use premises, the Chief Fire Officers' Association (CFOA) is leading a working group to look at the issues around commercial premises with sleeping accommodation above. There are many variations among these types of premises and if the national guidance is applied by the 'letter of the law', it would either close down many businesses or eject people from their homes. The CFOA objective is to arrive at a consistent and agreed approach or at least provide best practice guidance. Staff from DSFRS are supporting CFOA in this project, giving us a voice at a national level and ensuring we are fully aware of the national agenda.

DSFRS staff recently supported a joint operation, known as 'Operation Trojan', targeting rogue landlords in the Torbay area. This operation required a co-ordinated and collaborative approach between multiple agencies, including Housing Officers, Police and Building Control officers to ensure vulnerable members of the community were safeguarded and where necessary, removed to a place a safety.

- DSFRS officers issued 15 Prohibition Notices and advised other agencies, landlords and occupants on suitable fire safety provision.
- This operation has resulted in promotion of the wider fire safety message to the private sector housing providers and given assurance to those living in the rented sector that DSFRS will work robustly to protect them from exposure to dangerous conditions.
- The outcomes of this operation have been recognised by all agencies involved, with positive comments directed towards DSFRS staff. The benefits of the joint approach and lessons learnt will be shared to encourage similar opportunities in groups where this is not already occurring.

Understanding risk and improving engagement with our business communities

We constantly review our processes for risk inspection activity to gather more finely-tuned intelligence and this has led to the adoption of an intuitive and comprehensive 'Community Mapping' system to replace 'PlanWeb'.

We are also putting together a business case to pilot a programme which enable us to assign a 'Incident Risk Score' to businesses allowing us to focus our limited resources very efficiently on those that need it most.

We have developed several presentations for use by our staff at compliance and business events in locations around Devon and Somerset, providing tailored fire safety advice for Farms, Residential Care Premises, Guest Houses & Holiday Lets, and the Tourist Industry in general. Another being developed is 'Fire Safety for Licensed Premises'.

Priority: Public Safety - Emergency Response Standards (ERS)

Measure 7: ERS for attendance at fires where people live

(a) First attendance - first appliance to attend within 10 minutes from time of call

This measure is recorded by the following criteria:

- (i) ALL fires where people live attended
- (ii) Includes those fires where only 1 appliance was required (e.g. fires out on arrival)

Measure Breakdown	3 month (vs previous)	12 month (vs previous)	Trend (months)			Against Expected															
			12	36	60	Apr-15 Mar-16															
All Eligible Incidents	73% (-2%)	72% (+4%)	↑	↑	↑	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
Incidents Inside 10min Zone*	84% (-1%)	82% (+3%)	↑	↑	↑	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█

*10 min response zones are only calculated where a station has two pumps

(b) Full attendance - First appliance to attend within 10 minutes and 9 Personnel in 13 minutes

This measure is recorded by the following criteria:

- (i) ALL fires where people live attended inside the 10 minute area only
- (ii) Excludes those fires where only 1 appliance was required (e.g. fires out on arrival)
- (iii) Standard measured from time of call to 1st appliance arrival time within 10 minutes AND 9 personnel (irrespective of number of appliances) within 13 minutes

Measure Breakdown	3 month (vs previous)	12 month (vs previous)	Trend (months)			Against Expected															
			12	36	60	Apr-15 Mar-16															
Incidents Inside 10min Zone*	60% (+5%)	57% (+2%)	↑	↓	↓	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█

*10 min response zones are only calculated where a station has two pumps

Measure 8: ERS for attendance at Road Traffic Collisions (RTCs)

(a) First attendance - first appliance to attend within 15 minutes

This measure is recorded according to the following criteria:

- (i) ALL RTCs attended with the exception of late calls and turnbacks
- (i) 15 minutes measured from time of call to time of first attendance

Measure Breakdown	3 month (vs previous)	12 month (vs previous)	Trend (months)			Against Expected															
			12	36	60	Apr-15 Mar-16															
All Eligible Incidents	76% (+1%)	75% (+0%)	↓	↓	↓	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█

Key Messages

Measure 7: The Service has achieved first response to fire incidents where people live within 10 mins for 72.3% of eligible incidents during the 12 month reporting period from Apr-15 to Mar-16, a +3.7% change compared to the previous 12 month period (68.6% achieved).

For the current quarter (Jan-16 to Mar-16) achievement stands at 73.1%, a -2.4% change compared to the previous quarter (75.5% achieved). In the current quarter there have been 3 months within normal range, 0 within monitor range, 0 within action range.

Trends: long-term (60 months) - UP; medium-term (36 months) - UP; short-term (12 months) - UP

Measure 7a: The Service has achieved first response to fire incidents where people live within 10 mins for 82.5% of eligible incidents within the 10 min response zone during the 12 month reporting period from Apr-15 to Mar-16, a +3.3% change compared to the previous 12 month period (79.2% achieved).

For the current quarter (Jan-16 to Mar-16) achievement stands at 83.6%, a -0.5% change compared to the previous quarter (84.1% achieved). In the current quarter there have been 3 months within normal range, 0 within monitor range, 0 within action range.

Trends: long-term (60 months) - UP; medium-term (36 months) - UP; short-term (12 months) - UP

Measure 7b: The Service has achieved full response response to fire incidents where people live within 13 mins for 57.4% of eligible incidents during the 12 month reporting period from Apr-15 to Mar-16, a +2% change compared to the previous 12 month period (55.4% achieved).

For the current quarter (Jan-16 to Mar-16) achievement stands at 60.3%, a +5.3% change compared to the previous quarter (55% achieved). In the current quarter there have been 3 months within normal range, 0 within monitor range, 0 within action range.

Trends: long-term (60 months) - DOWN; medium-term (36 months) - DOWN; short-term (12 months) - UP

Measure 8: The Service has achieved first response to RTC incidents within 15 mins for 62.6% of eligible incidents during the 12 month reporting period from Apr-15 to Mar-16, a -12.6% change compared to the previous 12 month period (75.2% achieved).

For the current quarter (Jan-16 to Mar-16) achievement stands at 75.9%, a +0.7% change compared to the previous quarter (75.2% achieved). In the current quarter there have been 3 months within normal range, 0 within monitor range, 0 within action range.

Trends: long-term (60 months) - UP; medium-term (36 months) - UP; short-term (12 months) - UP

Achieving our emergency response standards (ERS)

Related headlines:

- Attendance within 10 minutes to fires where people live up compared to previous year
- Full attendance in 13 minutes to fires where people live - decrease in achievement of standard
- Attendance within 15 minutes to road traffic collisions (RTCs) down compared to previous year

What we are doing to improve performance:

Our Emergency Response Standards outline the target attendance criteria for fires where people live and road traffic collisions (RTCs). We measure the percentage of occasions where we have achieved the standard and actively investigate incidents where the ERS have not been met. The remote nature of many areas of the area that we cover means that in some instances achievement of the standard is not possible, however, understanding where we can make changes to affect performance is key to improving our ability to meet ERS.

Central Command – Group admins produce reports for the Local Risk Managers (LRMs) usually on a weekly basis enabling them to follow up individual incidents.

- As part of the shift from wholetime to on-call at Ilfracombe, guidance on when crew members report as available has changed and standby crews now do more prevention work rather than remaining on station. Elsewhere personnel are not routinely sent to crew second appliances.
- The Police & Fire Community Support Officer pilot in North Devon is supporting stations that experience difficulty in maintaining crewing at various times of the day enabling appliances to remain available and help meet our ERS targets.

Somerset Command - Performance is monitored and reported on monthly which continually improves appliance availability and linked areas of performance to ensure resources match risk to enable ERS measures to be achieved.

- Crewing Availability System & Community Firefighter Pilot – stations forecast crewing and make requests to a Command Crewing Manager enabling capacity to be realised and moved to stations, maintaining appliance availability.

Western Command - A crewing manager is still maintained for Plymouth and now works closely with the crewing manager for the whole of West Devon, who deals mainly with on-call, to ensure maximum operational cover is maintained. The latter prepares reports for the LRMs, which are then discussed at the monthly performance meetings.

- The LRM's are also looking at all on-call contracts to see if availability at certain stations can be improved.
- Two stations struggling to maintain their availability are being assisted by exploring different crewing models.

Service-wide

- A task and finish group is being established to verify the impact of these local initiatives across the Service to support the sharing of best practice.

Note. Following the switch to the new Control system, problems in the production of daily summaries listing specific details of all incidents and appliance movements have impacted the ability of LRMs to monitor recent movements, which may have a slight effect on ERS in the first quarter of the new financial year. Action is being taken to address this.

Sickness Absence

Priority: Staff Safety - Sickness

Rate of shifts lost due to sickness per full time equivalent (fte) role

This measure calculates sickness for all staff with the exception of retained personnel.

Measure Breakdown	3 month (vs previous)	12 month (vs previous)	Trend (months)			Against Expected											
			12	36	60	Apr-15											
All Sickness	2.54 (+8%)	9.15 (-6%)	↓	↑	↑	Mar-16											

Sickness Rate by Absence Length - Calendar Days

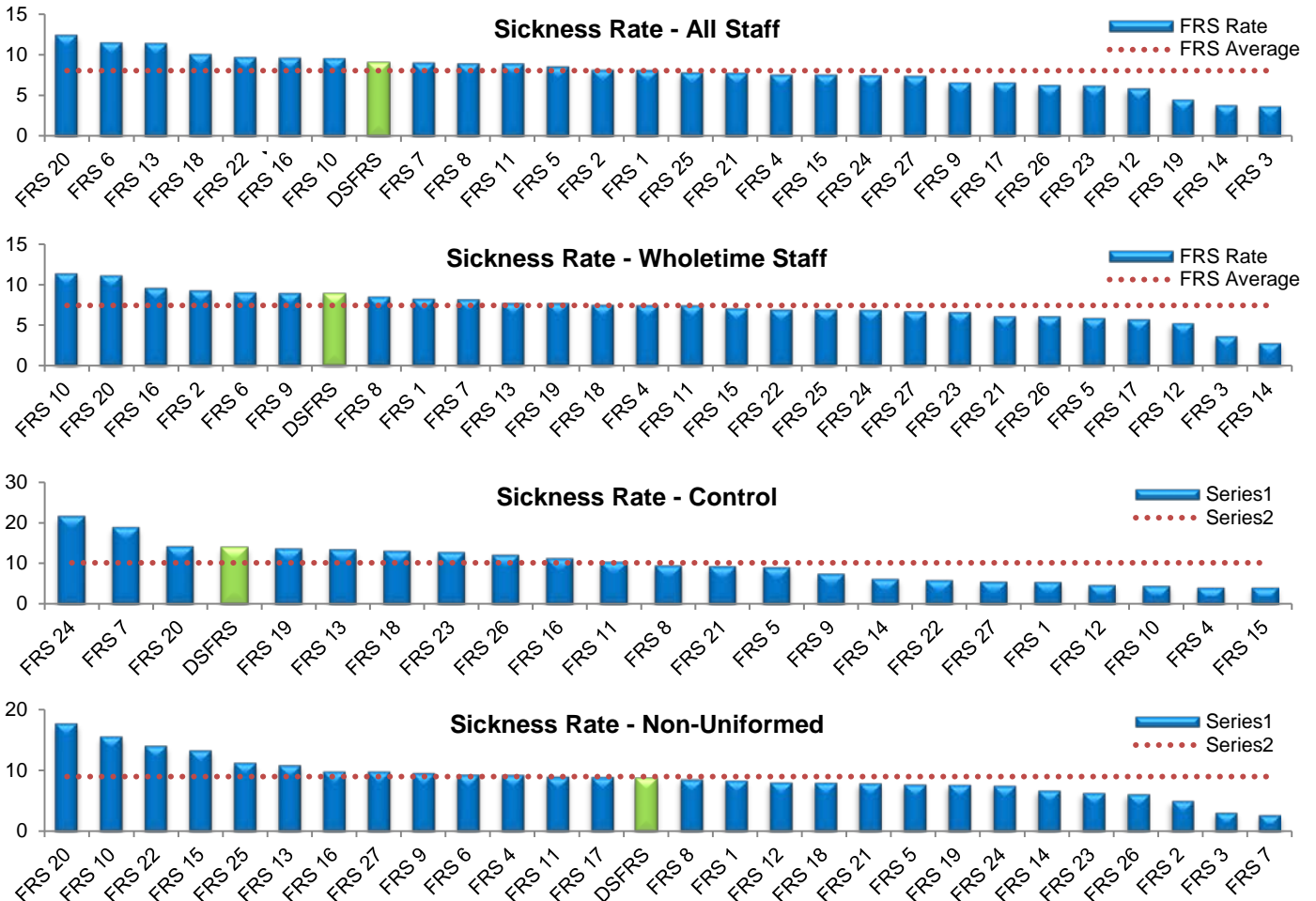
Measure Breakdown - Length of Sickness	3 month (vs previous)	12 month (vs previous)	Trend (months)			Against Expected											
			12	36	60	Apr-15											
Short-term <8 Days	0.7 (+12%)	2.19 (-5%)	↓	↑	↑	Mar-16											
Certified 8-28	0.52 (+49%)	1.42 (-1%)	↓	↑	↑												
Long-term >28Days	1.32 (-5%)	5.54 (-8%)	↓	↑	↑												

Sickness Rate by Post Type

Measure Breakdown - Post Type	3 month (vs previous)	12 month (vs previous)	Trend (months)			Against Expected											
			12	36	60	Apr-15											
Uniformed Station Based	1.28 (-28%)	7.14 (-28%)	↓	↑	↑	Mar-16											
Uniformed Non-Station Based	3.52 (+18%)	11.15 (+17%)	↑	↑	↑												
Control	5.72 (+61%)	14.2 (-25%)	↓	↑	↑												
Non-Uniformed	2.15 (-16%)	8.72 (+6%)	↑	↑	↓												

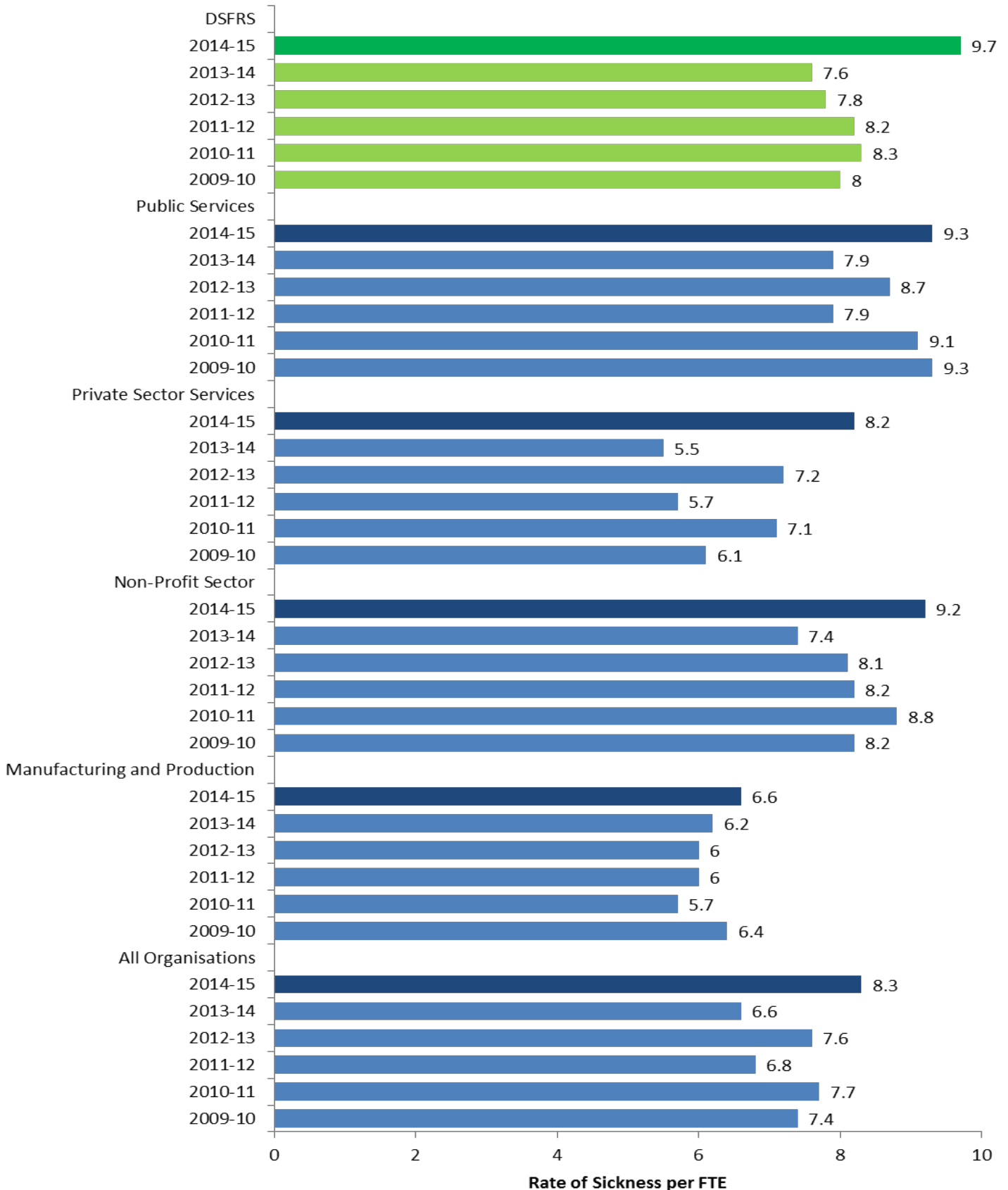
Benchmarking: how we compare to UK fire and rescue services

The graphs below show the year to date Q4 2015/16 figures for UK fire and rescue services contributing to the Cleveland Occupational Health Report. The figures are calculated according to shifts lost per FTE. DSFRS performance is highlighted in green.



Benchmarking: how we compare to other sectors (2014/15 Annual CIPD Absence Report)

The graph below shows the year end industry data which is sourced from the 2015 Chartered Institute of Personnel and Development (CIPD) annual survey report, compared to DSFRS.



The sickness rate for non-uniformed staff stands at 8.72 shifts lost per full time equivalent member of staff for the 12 month reporting period from Apr-15 to Mar-16, a +6.4% change compared to the previous 12 month period (8.19 shifts lost). For the current quarter (Jan-16 to Mar-16) the sickness rate stands at 2.15 shifts lost per fte, a -16.1% change compared to previous quarter (2.56 shifts lost).

In the current quarter there have been 3 months within normal range, 0 within monitor range, 0 within action range.

Trends: long-term (60 months) - DOWN; medium-term (36 months) - UP; short-term (12 months) - UP

The sickness rate for uniformed station based staff stands at 7.14 shifts lost per full time equivalent member of staff for the 12 month reporting period from Apr-15 to Mar-16, a -28.2% change compared to the previous 12 month period (9.94 shifts lost). For the current quarter (Jan-16 to Mar-16) the sickness rate stands at 1.28 shifts lost per fte, a -28% change compared to previous quarter (1.77 shifts lost). In the current quarter there have been 3 months within normal range, 0 within monitor range, 0 within action range. Trends: long-term (60 months) - UP; medium-term (36 months) - UP; short-term (12 months) - DOWN

The long-term sickness rate for all staff stands at 5.54 shifts lost per full time equivalent member of staff for the 12 month reporting period from Apr-15 to Mar-16, a -8.2% change compared to the previous 12 month period (6.03 shifts lost). For the current quarter (Jan-16 to Mar-16) the sickness rate stands at 1.32 shifts lost per fte, a -4.6% change compared to previous quarter (1.38 shifts lost). In the current quarter there have been 2 months within normal range, 0 within monitor range, 1 within action range. Trends: long-term (60 months) - UP; medium-term (36 months) - UP; short-term (12 months) - DOWN

The short-term certified sickness rate for all staff stands at 1.42 shifts lost per full time equivalent member of staff for the 12 month reporting period from Apr-15 to Mar-16, a -1.1% change compared to the previous 12 month period (1.44 shifts lost). For the current quarter (Jan-16 to Mar-16) the sickness rate stands at 0.52 shifts lost per fte, a +48.9% change compared to previous quarter (0.35 shifts lost). In the current quarter there have been 1 months within normal range, 1 within monitor range, 1 within action range. Trends: long-term (60 months) - UP; medium-term (36 months) - UP; short-term (12 months) - UP

The sickness rate for Control staff stands at 14.2 shifts lost per full time equivalent member of staff for the 12 month reporting period from Apr-15 to Mar-16, a -25% change compared to the previous 12 month period (18.93 shifts lost). For the current quarter (Jan-16 to Mar-16) the sickness rate stands at 5.72 shifts lost per fte, a +60.7% change compared to previous quarter (3.56 shifts lost). In the current quarter there have been 0 months within normal range, 2 within monitor range, 1 within action range. Trends: long-term (60 months) - UP; medium-term (36 months) - UP; short-term (12 months) - UP

The short-term uncertified sickness rate for all staff stands at 2.19 shifts lost per full time equivalent member of staff for the 12 month reporting period from Apr-15 to Mar-16, a -4.6% change compared to the previous 12 month period (2.29 shifts lost). For the current quarter (Jan-16 to Mar-16) the sickness rate stands at 0.7 shifts lost per fte, a +11.6% change compared to previous quarter (0.63 shifts lost). In the current quarter there have been 0 months within normal range, 2 within monitor range, 1 within action range. Trends: long-term (60 months) - UP; medium-term (36 months) - UP; short-term (12 months) - UP

The sickness rate for all staff stands at 9.15 shifts lost per full time equivalent member of staff for the 12 month reporting period from Apr-15 to Mar-16, a -6.3% change compared to the previous 12 month period (9.76 shifts lost). For the current quarter (Jan-16 to Mar-16) the sickness rate stands at 2.54 shifts lost per fte, a +7.6% change compared to previous quarter (2.36 shifts lost). In the current quarter there have been 0 months within normal range, 2 within monitor range, 1 within action range. Trends: long-term (60 months) - UP; medium-term (36 months) - UP; short-term (12 months) - UP

The sickness rate for uniformed non-station based staff stands at 11.15 shifts lost per full time equivalent member of staff for the 12 month reporting period from Apr-15 to Mar-16, a +16.8% change compared to the previous 12 month period (9.55 shifts lost). For the current quarter (Jan-16 to Mar-16) the sickness rate stands at 3.52 shifts lost per fte, a +18.3% change compared to previous quarter (2.98 shifts lost). In the current quarter there have been 0 months within normal range, 0 within monitor range, 3 within action range. Trends: long-term (60 months) - UP; medium-term (36 months) - UP; short-term (12 months) - UP

How is DSFRS improving performance?

Sickness Absence

Related headlines:

- Improvement in uniformed station-based sickness during Q3 2015 and lower than Service average rate
- Increase in non-uniformed sickness but below 12 month Service average
- Control sickness rate decrease compared to previous 12 months but increase in Q3 2015
- Increase in Service level sickness rate
- Increase in uniformed non-station based sickness

What we are doing to improve performance:

How is DSFRS improving performance?

Within DSFRS, the health, safety and wellbeing of our employees is taken seriously and as such we provide a wide range of initiatives, interventions and policies to ensure that our employees enjoy a safe and supportive working environment. We do, however, need to strike a reasonable balance between the genuine needs of employees to take occasional periods of time off work because of ill-health and our ability to continue to fulfil our role in serving our communities.

Over the last few years, our sickness absence levels had been steadily declining but, since 2013/14, this trend has reversed and the amount of days lost due to sickness has gone up. Both for reasons of employee health and for organisational performance, the Executive Board and Service Leadership Team have examined in detail the sickness absence levels and have instigated an action plan so that we can seek to reduce them. During 2015/16, we have seen an improvement in long-term sickness compared to 2014/15.

Specific highlights of activity towards our action plan have been:

Management of long-term sickness

- Removal of Sick Pay Review panels
- Provision of further information to help managers to review the situation of each employee on long-term sickness absence and provide appropriate support.
- More contact and discussion with employees who are off work due to sickness
- Better access to restricted duties
- Exploring ways to speed up any medical delays by, where appropriate and with a business case, providing private medical assistance.

Developing a fitness, health and wellbeing culture

- Sickness has been added as an agenda item at monthly local performance meetings with the Local Risk Managers providing updates to Group Commanders on current levels and progress.
- An Outline Business Case for Firefighter Fitness within the Service has been produced with the aim that we create a fitness culture against a backdrop of an ageing workforce. Following feedback through ELT this is being revised and refocused.
- Vocational Fitness Tests are being trialled at stations with very positive feedback being received about the suitability of the tests.
- Shuttle run tests are being incorporated into the new Firefighter tests to provide an indication of fitness levels at an early stage in the selection process.

Sickness absence continued...

- Promotion of the MIND Blue Light Campaign to help improve the resilience of staff, to make staff more aware of the importance and value of mental health and to be more responsive when people experience mental health issues. This has been backed up with the signing of the Blue Light Time to Change pledge with an associated action plan.
- Training of managers in the Blue Light Line Manager courses which have been provided by MIND. The funding period for this campaign has now ended but, in order to maintain consistency and to continue the legacy of the Blue Light campaign, it is proposed that courses will continue to be provided over the next 3 years. Our plan is to run 10 courses per year which will provide a further 450 course places.
- It is also proposed that we rebrand Staff Supporters as there is shrinking interest among the current group possibly due to capacity issues. This group, who would in future be referred to as Peer Supporters, will be extended to include volunteers who can specifically provide Mental Health (MH) support MH First Aider training will be provided for these staff. The Organisational Assurance department is likely to play a lead role in this volunteer team.
- Other considerations include a web-based forum which encourages people to discuss MH issues online. This avenue is thought to appeal to the more social media savvy staff.
- Wellbeing Policy: We will review our overall policies and MH should be considered in wider policy decision making. We currently have a Welfare policy and Stress Awareness policy and we will determine whether we should have an MH policy or over-arching Wellbeing policy in addition.
- Wellbeing Action Plan: These are a useful tool and we think that they could be included among Occupational Health or Welfare recommendations.
- Personal Performance & Development meetings (appraisals): The existing PPDs include a welfare section and managers should be reminded to discuss this aspect with staff. Future development work on appraisal processes should also incorporate this.

The provision of information & data

- Improvements have been made to the Sickness Portal and where sickness reason codes were previously not recorded the Service has been seeking this information from the relevant member of staff. This data loss occurred from 1st Apr 2014 to the 21st Jul 2015 when we were using version 1.
- The Sickness App is close to completion along with a 'Lite' version that can be accessed via a mobile phone. These products will replace the sickness portal and give easier access for inputting data and enable the provision of management information.
- The sickness absence codes have been modified so that they are aligned to the national categories as used through the Cleveland FRS national reporting standards.
- Our Performance Management Information System has been reconfigured to enable departments to access performance data by location but this will need to be adjusted as a result of the Service restructure.
- We still need to incorporate on-call sickness data into our overall reporting system and assess it against any available benchmarking data via the national reporting process.

Sickness absence policy

- The Service policy is being rewritten to incorporate changes and to make it easier to obtain information on our procedures.

Sickness absence continued...

- Where staff have agreed an appointment with Occupational Health but failed to attend, the Service has introduced a charging mechanism.
- The policy will modify the payments for restricted duties and provide consistency across different staff categories.
- The policy will give improved guidance on trigger points and Return to Work Interviews.
- We have received feedback from the FBU and RFU and are reworking and refining aspects of the policy.

Other activities

- The Service re-organisation will reduce the number of temporary appointments within the uniformed service and create a more stable workplace with satisfied employees.
- There have been a number of Service-wide communications in relation to sickness through Alert messages.
- The existing Occupational Health contract has been novated from Devon County Council to IMASS and the transfer arrangements are being put in place including the transfer of medical records.
- Development of a proposed new Wholetime Flexible Working Pattern to ensure that we have the right number of staff needed at any one time to crew our appliances whilst at the same time giving offering/permitting more flexible working arrangements which will help reduce short-term absenteeism. This project is currently being discussed with the trade unions with a view to reaching agreement on its introduction.
- The whole aspect of cultural change is being developed through the introduction of Our Values and a behavioural framework. Input from the staff survey has been beneficial in helping to set the direction for further work which will be part of the Organisational Development plan.