



DEVON & SOMERSET FIRE & RESCUE AUTHORITY

**M. Pearson
CLERK TO THE AUTHORITY**

**To: The Chair and Members of the Audit &
Performance Review Committee**

(see below)

**SERVICE HEADQUARTERS
THE KNOWLE
CLYST ST GEORGE
EXETER
DEVON
EX3 0NW**

Your ref :
Our ref : DSFRA/MP/SS
Website : www.dsfire.gov.uk

Date : 20 June 2017
Please ask for : Sam Sharman
Email : 01392 872393
ssharman@dsfire.gov.uk

Telephone : 01392 872200
Fax : 01392 872300
Direct Telephone : 01392 872393
ssharman@dsfire.gov.uk

AUDIT & PERFORMANCE REVIEW COMMITTEE **(Devon & Somerset Fire & Rescue Authority)**

Wednesday 28 June 2017

A meeting of the Audit & Performance Review Committee will 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 (Pages 1 - 4)**
of the previous meeting held on 24 April 2017 attached.
- 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 5 - 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 to the beginning of June 2017.

7 Draft Statement of Accounts 2016-2017 (Pages 21 - 76)

Report of the Treasurer (APRC/17/11) attached.

8 Draft Statement of Assurance 2016-17 (Pages 77 - 104)

Report of the Assistant Chief Fire Officer – Service Improvement (APRC/17/12) attached.

9 Publication of the Financial Statements 2017-18 (Pages 105 - 108)

Report of the Treasurer (APRC/17/13) attached.

MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER

Membership:-

Councillors Burridge-Clayton, Healey, Hunt, Saywell, Trail, Wallace and Wheeler

NOTES

1.	<p><u>Access to Information</u></p> <p>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></p> <p>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.</p> <p>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>Declarations of Interests (Authority Members only)</u></p> <p>(a). <u>Disclosable Pecuniary Interests</u></p> <p>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"> (i). 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; (ii). 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 (iii). 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 (ii) and (iii) above.</p> <p>(b). <u>Other (Personal) Interests</u></p> <p>Where you have a personal (i.e. other than a disclosable pecuniary) interest in any matter to be considered at this meeting then you must declare that interest no later than the commencement of the consideration of the matter in which you have that interest, or (if later) the time at which the interest becomes apparent to you. If the interest is sensitive (as agreed with the Monitoring Officer), you need not disclose the precise nature of the interest but merely declare that you have a personal interest of a sensitive nature.</p> <p>If the interest is such that it might reasonably be perceived as causing a conflict with discharging your duties as an Authority Member then, unless you have previously obtained a dispensation from the Authority’s Monitoring Officer, you must not seek to improperly influence any decision on the matter and as such may wish to leave the meeting while it is being considered. In any event, you must comply with any reasonable restrictions the Authority may place on your involvement with the matter in which you have the personal interest.</p>
4.	<p><u>Part 2 Reports</u></p> <p>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></p> <p>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 & Somerset Fire & Rescue Authority)

24 April 2017

Present:-

Councillors Radford (Chair), Coles, Healey, Randall Johnson, Wheeler and Dyke (sub Way)

In attendance:-

P Bartlett (Grant Thornton) and R Hutchings and L Sharpwood (Devon Audit Partnership)

* **APRC/24 Minutes**

RESOLVED that the Minutes of the meeting held on 18 January 2017 be signed as a correct record.

* **APRC/25 Grant Thornton Update**

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 2017 from the Authority's auditors, Grant Thornton. The Plan provided the scope and timings for the external audit process as required by the International Standard on Auditing (UK & Ireland) 260. It also identified issues of materiality and areas of significant and other risks for the Service.

The Committee noted that, for the audit, Grant Thornton would be focussing on the Service's significant risks, which included:

- The revenue cycle including fraudulent transactions;
- Management override controls;
- The expenditure cycle including fraudulent transactions;
- The valuation of property, plant and equipment; and,
- The valuation of pension fund net liability.

* **APRC/27 2017/18 External Audit Fee Letter**

The Committee received for information from the External Auditor, Grant Thornton, details of the proposed Audit Fee in 2017/18. The Public Sector Audit Appointment (PSAA), the body responsible for overseeing the audit contracts for local government organisations until they end in 2018, had prescribed a scale fee based on the point that the auditor would be provided with completed and materially accurate financial statements within agreed timescales. For Devon & Somerset Fire & Rescue Authority in 2017/18, the proposed audit fee set by the PSAA was £33820k.

The Committee noted that, as this was the last year of the five year contract, a tendering process had been ongoing and the Authority would be notified of the new External Auditor in late 2017.

* **APRC/28 2016/17 Year End Internal Audit Report**

The Committee received for information a report of the Area Manager – Organisational Assurance - (APRC/17/6) that set out the 2016-17 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 2017 the assurance tracker showed that there were 28 open high or high/medium internal audit recommendations outstanding. In terms of the outstanding actions, it was noted that work continued to be undertaken but these were not easily solvable issues as they were cross cutting and featured within the Change & Improvement Plan as they required significant financial investment.

Reference was made at this point to the audit of the Safe South West Charity governance arrangements which had required improvements. Rob Hutchings, representing the Devon Audit Partnership, advised the Committee that there had been a blurring of the relationship between the Charity and the Authority recently and the review had been necessary in order to separate this out with clear governance in place. It was noted that further information would be submitted to the Committee on this matter at the next meeting.

The Committee was assured that the filling of the vacancy for an Audit & Review Manager was in hand and that the responsibilities of this post had been widened as a result of the efficiencies made through the self-assessment process. The Devon Audit Partnership had indicated that it would assist the Authority in the event that this post was not filled imminently.

* **APRC/29 Internal Audit Plan 2017/18**

The Committee considered a report of the Area Manager – Organisational Assurance – (APRC/17/7) that set out the proposed 2017 -18 Internal Audit Plan, which involved a total of 345 audit days split between strategic reviews, compliance reviews and audit health checks. It was noted that, of the 345 days, the Devon Audit Partnership would be providing an element of independent scrutiny with 32 days auditing and an IT health check had also been introduced in 2017/18.

The Committee drew attention to the point that it had to ensure that a comprehensive audit process was in place for appropriate areas of work and indicated that additional days should be allocated if needed.

RESOLVED that the 2017-18 Internal Audit Plan as set out within report APRC/17/7 be approved.

* **APRC/30 Fire and Rescue Indemnity Company (FRIC)**

The Committee received for information a report of the Risk & Insurance Manager (APRC/17/8) that set out details of the Fire & Rescue Indemnity Company (FRIC) which was set up in 2015 to provide an alternative to traditional insurance via a mutual and which had given the Authority greater control over the cover provided and the management and settlement of claims.

It was noted that in February 2017, the Board of FRIC had approved the final accounts for the first year of activity and had reported a trading surplus of £471k which was well above expectations. FRIC had also been shortlisted in the best Alternative Service Delivery Model category of the Public Finance Innovation Awards 2017 which was an excellent achievement.

* **APRC/31 Group Accounts for Devon & Somerset Fire & Rescue Authority and Red One Ltd**

The Committee considered a report of the Treasurer (APRC/17/9) 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 2016/17 financial year.

NB. Councillor Healy declared an interest in this item in view of his position as a Non-Executive Director of Red One Limited.

* **APRC/32 Devon & Somerset Fire & Rescue Service Performance Report 2016/17: Quarter 3**

The Committee received for information a report of the Chief Fire Officer (APRC/17/10) that set out the Service's performance for the period January 2016 to December 2016 (with a focus on quarter 3 of 2016/17) 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. With these factors covered, the report indicated the following performance against the measures:

- Measure 1 (deaths as a result of fires where people lived) – this was currently showing as red (requiring investigation) as there had been 4 fire deaths in this quarter as a result of accidental fires as compared to 1 in the same period in 2015/16 and 8 to date this year. This was a critical measure for the Service and the Committee was asked to support the Service in encouraging all agencies to share its data to facilitate more targeted action;

- Measure 2 (injuries as a result of fires where people lived) – there had been 13 injuries this quarter in 2016/17 as compared with 15 in 2015/16 which was a positive indicator;
- Measure 3 (fires where people lived) – this indicator was being monitored as there had been 272 fires where people lived in quarter 3 of 2016/17, of which 249 were accidental fires. An in depth analysis of this had showed that the majority were due to cooking related incidents and thus, further education on this area of community safety was necessary;
- Measure 4 (fire related deaths where people worked, visited and in vehicles) – there had been 4 incidents in quarter 3 of 2016/17 but 4 in the 12 months previously, 2 of which had been vehicle fires;
- Measure 5 (fire related injuries where people worked, visited and in vehicles) – there had only been 1 injury recorded in quarter 3 of 2016/17 as compared with 8 in 2015/16 which was very positive and all of the trend analysis showed this as decreasing;
- Measure 6 (fires where people worked, visited and in vehicles) – there had been a slight increase over the 12 month period to 1339 incidents as opposed to 1225 for the same period in 2015/16 although there had been a decrease to 331 incidents in quarter 3 as opposed to 387 incidents in the same period in 2015/16;
- Measures 7 & 8 (Emergency Response Standards for attendance at fires where people lived and attendance at Road Traffic Collisions) – there had been a slight decrease in performance on the emergency response standards to 69% on attendance within 10 minutes and 74% on attendance at road traffic collisions. It was noted that this may be due to a large variety of factors including (but not limited to) the geographic area of the two counties, demographics, traffic conditions and available resources.

It was noted that the review of performance measures had been ongoing and that the outcome of this work would be reported to the next meeting of the Committee.

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

The meeting started at 10.08 am and finished at 11.37 am

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

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Year ended 31 March 2017
June 2017

Peter Barber

Associate Director

T 0117 305 7897

E peter.a.barber@uk.gt.com

Mark Bartlett

Manager

T 0117 305 7896

E mark.bartlett@uk.gt.com

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:

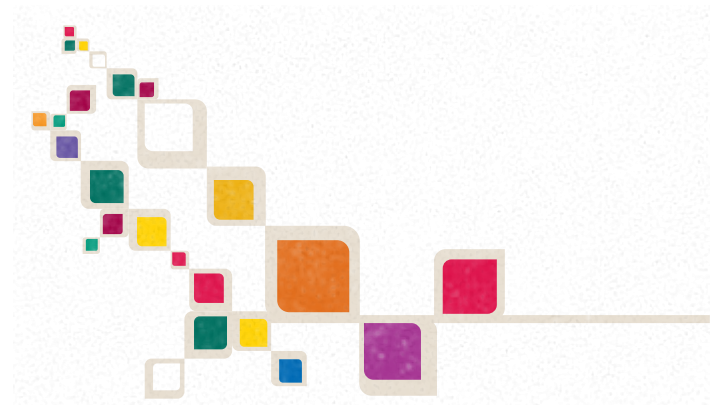
- The Income Spectrum (March 2017) <http://www.grantthornton.co.uk/en/insights/the-income-generation-report-local-leaders-are-ready-to-be-more-commercial/>
- The Board: Creating and Protecting Value (May 2017) <http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/board-effectiveness-report-2017.pdf>
- Brexit and local government; (April 2017) <http://www.grantthornton.co.uk/en/insights/a-global-britain-needs-more-local-government-not-less/> and (December 2016) <http://www.grantthornton.co.uk/en/insights/brexit-local-government-transitioning-successfully/>

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.

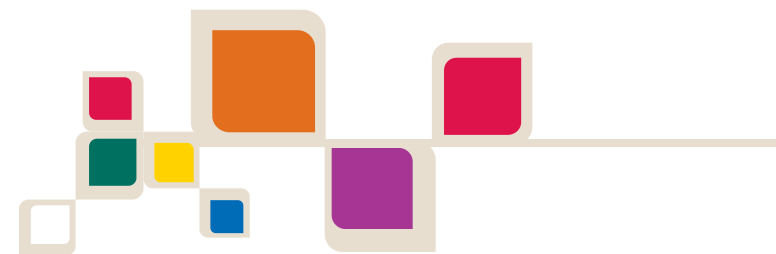
Peter Barber Engagement Lead T 0117 305 7897 M 07880 456122 peter.a.barber@uk.gt.com

Mark Bartlett Audit Manager T 0117 305 7896 M 07880 456123 mark.bartlett@uk.gt.com

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.



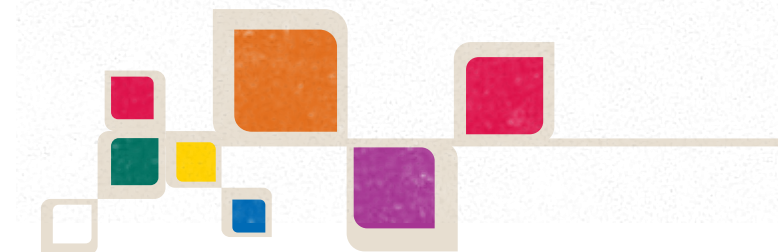
Progress to date



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2016/17 work	Planned Date	Complete?	Comments
Fee Letter We are required to issue a 'Planned fee letter for 2016/17' by the end of April 2016.	April 2016	Yes	The 2016/17 fee letter was issued in April 2016. The 2016/17 work programme and fees is accessible from the Public Sector Audit Appointments (PSAA) website www.psaa.co.uk . Our fee letter set out the scope of our 2016/17 work and included an outline timetable
Accounts Audit Plan 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 2016/17 financial statements.	April 2017	Yes	The Audit Plan was reported to your April meeting.
Interim accounts audit Our interim fieldwork visits include: <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 2017	Yes	The results of the interim audit were reported in the Audit Plan to your April meeting.
Final accounts audit Including: <ul style="list-style-type: none"> • audit of the 2016/17 financial statements • proposed opinion on the Fire Authority's accounts • proposed Value for Money conclusion • review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 	July – September 2017	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 17 July 2017. Our Audit Findings Report will be brought to your September meeting.

Progress to date



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2016/17 work	Planned Date	Complete?	Comments
Value for Money (VfM) conclusion			
<p>The scope of our work to inform the 2016/17 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>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 	January – July 2017	In progress	<p>The results of our initial risk assessment were reported in our audit plan to your April meeting.</p> <p>The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report to your September meeting.</p>
Annual Audit Letter			
We will summarise all the work completed as part of our 2016/17 audit within one letter which will be issued after the opinion.	October 2017	Not yet due	
Other activities			
<ul style="list-style-type: none"> • We held Faster Close workshops in Bristol and Exeter during October 2016. The workshops were aimed at local authority practitioners and considered the main factors for authorities to consider in accelerating their financial reporting procedures to produce their year-end accounts. The Exeter workshop on 19 October was attended by members of the Authority's Finance team. • We are holding our own local government accounts workshops in 2016/17. Local events were held in Plymouth on 28 February and in Bristol on 1 March. Members of the Authority's finance team attended the workshop in Plymouth. 			

Technical Matters

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Accounting and audit issues

LAAP Bulletin 105: Closure of the 2016/17 accounts and related matters

In March, CIPFA's Local Authority Accounting Panel issued LAAP Bulletin 105. The bulletin provides further guidance and clarification to complement CIPFA's 2016/17 Guidance Notes for Practitioners and focuses on those areas that are expected to be significant for most authorities. Topics include:

- Highways Network Asset
- update to the 2016/17 code
- Telling the Story
- accounting standards that have been issued but have not yet been adopted
- summary of other changes to the 2016/17 Code
- statutory guidance on the flexible use of capital receipts

The LAAP bulletin confirms that section P - Highways Network Asset of Module 4 no longer applies and any reference in the 2016/17 Code Guidance Notes to the Highways Network Asset does not apply. Therefore, highways authorities' accounting policies for the infrastructure class of assets are unchanged from the approach adopted in previous years, i.e. the infrastructure class of assets will be defined as it was in the 2015/16 Code and be measured at depreciated historical cost.

Telling the Story – the 2016/17 Code changed segmental reporting arrangements for the Comprehensive Income and Expenditure Statement (CIES) and introduced the Expenditure and Funding Analysis (EFA). Both the CIES and EFA include a segmental analysis which requires local authorities to report on the basis of how they are structured.



Accounting and audit issues

Code of Practice on Local Authority Accounting in the United Kingdom 2017/18

CIPFA/LASAAC has issued the Local Authority Accounting Code for 2017/18. The main changes to the Code include:

- amendments to section 2.2 (Business Improvement District Schemes (England, Wales and Scotland), Business Rate Supplements (England), and Community Infrastructure Levy (England and Wales)) for the Community Infrastructure Levy to clarify the treatment of revenue costs and any charges received before the commencement date
- amendment to section 3.1 (Narrative Reporting) to introduce key reporting principles for the Narrative Report
- updates to section 3.4 (Presentation of Financial Statements) to clarify the reporting requirements for accounting policies and going concern reporting
- changes to section 3.5 (Housing Revenue Account) to reflect the Housing Revenue Account (Accounting Practices) Directions 2016 disclosure requirements for English authorities
- following the amendments in the Update to the 2016/17 Code, changes to sections 4.2 (Lease and Lease Type Arrangements), 4.3 (Service Concession Arrangements: Local Authority as Grantor), 7.4 (Financial Instruments – Disclosure and Presentation Requirements)
- amendments to section 6.5 (Accounting and Reporting by Pension Funds) to require a new disclosure of investment management transaction costs and clarification on the approach to investment concentration disclosure.

Sector issues and developments

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National Audit Office

Protecting information across government

“Protecting information while re-designing public services and introducing the technology necessary to support them is an increasingly complex challenge. To achieve this, the Cabinet Office, departments and the wider public sector need a new approach, in which the centre of government provides clear principles and guidance and departments increase their capacity to make informed decisions about the risks involved.”

Amyas Morse, head of the National Audit Office, 14 September 2016

<https://www.nao.org.uk/report/protecting-information-across-government/>

Planning for 100% local retention of business rates

“The Department faces a significant challenge in implementing 100% local retention of business rates by 2019-20. It has benefited from the experience of delivering the 50% local retention scheme and is using this experience effectively. The key question is whether there is enough money in the system to let services be delivered on the right scale and for self-sufficiency to be seen to succeed.”

Amyas Morse, head of the National Audit Office, 29 March 2017

<https://www.nao.org.uk/report/planning-for-100-local-retention-of-business-rates/>

Health and social care integration

“Integrating the health and social care sectors is a significant challenge in normal times, let alone times when both sectors are under such severe pressure. So far, benefits have fallen far short of plans, despite much effort. It will be important to learn from the over-optimism of such plans when implementing the much larger NHS sustainability and transformation plans. The Departments do not yet have the evidence to show that they can deliver their commitment to integrated services by 2020, at the same time as meeting existing pressures on the health and social care systems.”

Amyas Morse, head of the National Audit Office, 8 February 2017

<https://www.nao.org.uk/report/health-and-social-care-integration>

NAO Publications

Grant Thornton

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The income spectrum

Helping local authorities to achieve revenue and strategic objectives to create a vibrant economies

Grant Thornton market insight

Income generation is increasingly an essential part of the solution to providing sustainable local services, alongside managing demand reduction and cost efficiency. Our report gives local authorities the tools needed to maximise their ability to do so.

Our new research on income generation which includes our CFO Insights too suggests that:

- councils are increasingly using income generation to diversify their funding base, and are commercialising in a variety of ways. This ranges from fees and charges (household garden waste, car parking, private use of public spaces), asset management (utilities, personnel, advertising, wifi concession license) and company spin-offs (housing, energy, local challenger banks), through to treasury investments (real estate development, solar farms, equity investment).

the ideal scenario to commercialise is investing to earn with a financial and social return. Councils are now striving to generate income in way which achieves multiple strategic outcomes for the same spend; examining options to balance budgets while simultaneously boosting growth, supporting vulnerable communities and protecting the environment.

- stronger commercialisation offers real potential for councils to meet revenue and strategic challenges for 2020 onwards. Whilst there are examples of good practice and innovation, this opportunity is not being fully exploited across the sector due to an absence of a holistic and integrated approach to corporate strategy development (a common vision for success, understanding current performance, selecting appropriate new opportunities, the capacity and culture to deliver change).

To support local authorities as they develop income generation strategies, the report provides:

- case study examples
- local authority spend analysis
- examples of innovative financial mechanisms
- critical success factors to consider



The Board: creating and protecting value

Our new cross sector Board Effectiveness Report

Grant Thornton reports

In all sectors, boards are increasingly coming under pressure from both the market and regulators in terms of effectiveness and accountability. Building on the success of our cross sector audit committee effectiveness survey- Knowing The Ropes, the Grant Thornton Governance Institute extended its research to look at the effectiveness of boards across the corporate, public and not for profit sectors.

This report raise key questions that all boards should ask themselves to challenge their effectiveness. Their organisations may operate in different sectors and be subject to a variety of statutory and governance requirements, but they all share a common overriding principle: the governing body is a collective charged with developing the organisation's purpose.

Key messages:

- There is a strong future focus on boards
- Executive behaviours tend to dominate - not the best scenario for good governance or an organisation's future focus
- There are strongly held opinions about the relationship between the board and the executive which will impact on efficiency
- More than 88% of respondents see their executives as being strong leaders of the organisation
- There is a clear focus on organisational culture and values across all sectors – 93% see the executive board members modelling the values of the organisation
- Non-executives also need to live and breathe those values – only 82% of respondents agreed that the non-executives inspire and guide the executive to realise the organisation's purpose
- Only 75% of respondents feel that the recruitment process of non-executives is rigorous, well-documented or transparent
- Over 60% of board members believe that are adequate processes in place to evaluate performance

This report uses the DLMA analysis which categorises skills into four areas: Directorship, Leadership, Management and Assurance. This framework allows organisations to have a better understanding about where they are focusing their energies.

Download the report here: <http://www.grantthornton.co.uk/en/insights/the-board-creating-and-protecting-value/>



A Manifesto for a Vibrant Economy

Grant Thornton publications

Developing infrastructure to enable local growth

Cities and shire areas need the powers and frameworks to collaborate on strategic issues and be able to raise finance to invest in infrastructure priorities. Devolution needs to continue in England across all places, with governance models not being a “one-size-fits all”. Priorities include broadband, airport capacity in the North and east-west transport links.

Addressing the housing shortage, particularly in London and the Southeast, is a vital part of this. There simply is not enough available land on which to build, and green belt legislation, though designed to allow people living in cities space to breath, has become restrictive and is in need of modernisation. Without further provision to free up more land to build on, the young people that we need to protect the future of our economy will not be able to afford housing, and council spending on housing the homeless will continue to rise.

Business rates are also ripe for review – a property-based tax is no longer an accurate basis for taxing the activity and value of local business, in particular as this source of funding becomes increasingly important to the provision of local authority services with the phasing out of the Government’s block grant.

Demographic and funding pressures mean that the NHS no longer remains sustainable, and the integration of health and social care – recognised as critical by all key decision makers – remains more aspiration than reality. .

There is an opportunity for communities to take a more holistic approach to health, for example creating healthier spaces and workplaces and tackling air quality, and to use technology to provide more accessible, cheaper diagnosis and treatment for many routine issues

Finding a better way to measure the vibrancy of places

When applied to a place we can see that traditional indicators of prosperity such as GVA, do not tell the full story. To address this we have developed a [Vibrant Economy Index](#) to measure the current and future vibrancy of places. The Index uses the geography of local authority areas and identifies six broad objectives for society: prosperity, dynamism and opportunity, inclusion and equality, health wellbeing and happiness, resilience and sustainability, and community trust and belonging.

The city of Manchester, for example, is associated with dynamic economic success. While our Index confirms this, it also identifies that the Greater Manchester area overall has exceptionally poor health outcomes, generations of low education attainment and deep-rooted joblessness. These factors threaten future prosperity, as success depends on people’s productive participation in the wider local economy, rather than in concentrated pockets.

Every place has its own challenges and opportunities. Understanding what these are, and the dynamic between them, will help unlock everybody’s ability to thrive. Over the coming months we will continue to develop the Vibrant Economy Index through discussions with businesses, citizens and government at a national and local level.



<http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/documents/creating-manifesto-vibrant-economy-draft-recommendations.pdf>

Guy Clifton – Head of Local Government Advisory

Publications

Providing key insight and examples of best practice to local government, police, fire and rescue services.



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Our report looks at the financial challenge facing councils, the new governance agenda that will challenge traditional arrangements and expectations, and the way forward for the public sector through devolution, innovation, collaboration and cultural change.



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This report gets under the bonnet of the devolutionary conversations taking place between Whitehall and local government across England. It offers a practical guide to local leaders by outlining the benefits of devolution, the areas of priority to central government and the key questions that must be addressed in order to produce a successful devolution bid.



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Our health and wellbeing index looks at the health determinants and outcomes of an area, highlights the scale and nature of inequality across the country and reiterates the need for a local, place-based approach to tackling health outcomes. It also identifies the wider economic determinants on an area's circumstances, emphasising the need for local collaboration between public sector bodies.



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REPORT REFERENCE NO.	APRC/17/11
MEETING	AUDIT AND PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	28 JUNE 2017
SUBJECT OF REPORT	DRAFT STATEMENT OF ACCOUNTS 2016-2017
LEAD OFFICER	TREASURER
RECOMMENDATIONS	<i>That the Committee notes the draft 2016-2017 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. Regulations require the draft accounts to be prepared and certified by the Treasurer by 30 June and that the final accounts, once subject to external audit, to be considered for approval by 30 September.</p> <p>Whilst not a requirement that the draft accounts are to be considered by the Authority in June it is seen as best practice that the accounts are reported prior to the Treasurer signing the draft accounts.</p> <p>A set of accounts for 2016-2017 (subject to external audit) is included with this report as Appendix A.</p> <p>Further changes to the Regulations will require approval of future final, audited accounts by 31 July. A separate report is included within the agenda for this meeting in respect of the process for the publication of the accounts in future years.</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	A - Draft Statement of Accounts 2016-2017 (page numbered and enclosed separately).
LIST OF BACKGROUND PAPERS	Financial Outturn Report 2016-17 – report reference DSFRA/17/14 as reported to the meeting of DSFRA held on the 12 June 2017.

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 2016-17 is included as Appendix A of this report 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 Audit Findings Report, will be reported to the next meeting of this Committee to be held on the 12th September 2017, for approval.

2. **2016-17 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 Statement of Comprehensive Income and Expenditure Statement (CIES)
 - The Balance Sheet.
 - The Movement in Reserves Statement (MIRS)
 - 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 16 of the accounts, reports a retained **deficit** for the year of £17.071m. This figure differs significantly from the £2.193m **surplus** as reported to in the meeting of the Authority in June 2017 as included in the 2016-17 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 (£6m) and increases in actuarially assessed pension liabilities (£18m). A full breakdown of these accounting costs are shown in Note 3 page 24 of the accounts, and summarised in Table 1 overleaf.

TABLE 1 - CIES COMPARISON TO BUDGET

	£m
Total Spending	71.784
Government Grant and Council Tax Income	(73.977)
NET SURPLUS (as reported to management in Outturn Report)	(2.193)
<i>Amounts in the CIES not reported to management</i>	
Depreciation and impairment	6.249
Net charges made for retirement benefits	18.569
Spending from Earmarked Reserves	1.655
Other (Net)	0.659
	27.132
<i>Amounts in management information not included in the Cost of Services in the CIES</i>	
Minimum Revenue Provision/Direct Revenue funding to capital	(2.155)
Direct Revenue Funding to Capital	(0.759)
Transfer to Earmarked Reserves	(4.955)
	(7.869)
COST OF SERVICES IN CIES (as reported in the Statement of Accounts)	17.071

The Balance Sheet

- 2.4 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.
- 2.5 The Balance Sheet, as reported on Page 17 of the accounts, reports the net liability position of the Authority as at 31 March 2017 as £687.870m (£545.683m as at 31 March 2016), matched by USABLE and UNUSABLE reserves of £687.870m.
- 2.6 It should be emphasised, however, that this figure includes a large liability in relation to future pension liabilities of £809.183m, as required to be reported under International Accounting Standard (IAS) 19 & IAS20. 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.

The Cash Flow Statement

- 2.7 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.
- 2.8 The cash flow statement, as reported on Page 18 of the accounts, shows an increase in cash balances from £11.338m as at 31 March 2016 to £15.365m as at 31 March 2017 i.e. increase of reduction of £4.027m. It should be noted that included in this figure is cash that is invested in short-term investments i.e. less than 3 months.

The Movement in Reserves Statement (MIRS)

- 2.9 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
- 2.10 The MIRS, as reported on Page 19 of the accounts, reports an increase in USABLE reserves from £29.8m as at 31 March 2016 to £35.3m as at 31 March 2017, i.e. an increase of £5.5m.

Notes to the Accounts

- 2.11 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 2016-17

- 3.1 The accounts will be subject to audit inspection by Grant Thornton during the summer following which they will issue an Audit Findings 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 2017, following which the Accounts must be published by the 30th September 2017.

KEVIN WOODWARD
Treasurer



DEVON & SOMERSET
FIRE & RESCUE AUTHORITY

Statement of accounts

2016 - 2017



www.dsfire.gov.uk



Acting to Protect & Save

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Devon & Somerset Fire & Rescue Authority - STATEMENT OF ACCOUNTS 2016/17

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 2017. 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 included 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

Whilst the new chancellor Philip Hammond has removed the previous government target to eliminate the structural deficit and bring into surplus by 2019-20, it still remains a government aspiration to bring into surplus as soon as possible. For an unprotected Service, such as the Fire Service, this means it can expect further reductions in government funding beyond the current Spending Review period. The current four-year Local Government Finance Settlement includes a reduction in funding for Devon and Somerset Fire and Rescue Authority of 25% by 2019-20 representing a cash reduction in funding of £7.3m.

Against this backdrop it is imperative for the Authority's Medium Term Financial Plans to be focused on providing forecasts of budget savings required to 2019-20 and beyond. 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 £14m 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 were dependent on natural staff turnover it had always been anticipated that it would take several years to deliver all of these savings, and 2016 has seen the full delivery of them. It is forecast that a further £3m of recurring savings need to be identified by 2019-20.

The Service is well ahead in terms of identifying a range of projects to deliver the required savings and will 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 may be the case 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, e.g. impact of Brexit negotiations, during this period.

Revenue Spending in 2016/17

Net revenue spending in 2016-17 was £71.7m, compared to an agreed budget of £73.9m, resulting in an underspend of £2.2m. Table 1 overleaf provides a summary of revenue spending in 2016-17 compared with agreed budget headings.

NARRATIVE REPORT

TABLE 1 – SUMMARY OF REVENUE SPENDING 2016-17

	Budget	Spending	Variance
	£m	£m	£m
Employee Costs	56.3	54.6	(1.6)
Premises Related Costs	4.0	3.5	(0.4)
Transport Related Costs	3.4	3.1	(0.3)
Supplies and Services	5.5	5.1	(0.4)
Establishment Expenses	0.7	0.6	(0.1)
Payments to Other Authorities	0.7	0.9	0.2
Capital Financing	6.8	4.4	(2.4)
Gross Spending	77.3	72.1	(5.2)
Income	(3.9)	(5.0)	(1.1)
Transfer to Reserves	0.6	4.7	4.1
Net Spending	73.9	71.7	(2.2)
Funded By:			
Council Tax Precept	(47.3)		
Business Rates Redistribution	(14.3)		
Central Government Funding	(12.3)		
Total Funding	(73.9)		

An underspend of £2.2m, equivalent to 2.96% 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 12 June 2017 it was agreed that the net underspend of £2.2m be transferred to Earmarked Reserves as shown below. Further detail on all Earmarked Reserve balances is included in Note 21 to the financial statements.

Essential Spending Pressures (£1.8m) – An amount of £1.780m has been earmarked to fund seven identified one-off spending pressures for which no funding has been provided in the 2017-18 base budget.

Direct Funding for Capital Spending (£0.4m) – The remaining underspend of £0.413m 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 £29.8m at the beginning of the year to £35.3m as at 31 March 2017, of which £30.0m relates to Earmarked Reserves (committed) and £5.3m to General Reserves (uncommitted).

Contributions to Provisions

The reported spending for 2016-17 includes an additional provision of £64k set aside to fund future firefighter pension costs, which increases the total Provision for future firefighter pension costs to £755k as at 31 March 2017. 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 2016/17

The financial statements include capital spending of £2.8m in 2016-17 of which £0.7m has been spent on improvements to fire stations and £2.1m 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 2016-17. Of the total spending of £2.8m an amount of £2.0m was funded from existing borrowing and the remaining £0.8m from the revenue budget and earmarked reserves.

Authority Borrowing

External borrowing from the Public Works Loan Board (PWLb) as at 31 March 2017 was £25.7m, 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 level of debt is well within the maximum debt level of £26.8m, 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 2017 the Authority pension liability has been calculated to be £809.2m. 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 31 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 2017 shows a net liability of £687.9m (£545.7m as at 31 March 2016). This includes the pension liability of £809.2m required to be included under IAS 19.

Performance and Use of Resources

During 2016-17 the authority refreshed its five year strategic plan resulting in the publication of "Creating Safer Communities Our Plan 2017-2022" which can be found at <http://www.dsfire.gov.uk/AboutUs/WhatWeDo/OurCorporatePlan/documents/CreatingSaferCommunities20172022.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 2016-17 with a comparison against the previous year.

TABLE 2 – SUMMARY OF KPIs 2016-17

Measure	2016-17	2015-16	Variance
Non-Financial Indicators			
Number of deaths as a result of fires where people live.	4	8	-50.0%
Number of injuries as a result of fires where people live.	63	83	-24.1%
Number of fires where people live.	1005	966	4.0%
Number of fire related deaths where people work, visit and in vehicles.	3	0	n/a ¹
Number of fire related injuries where people work, visit and in vehicles.	21	36	-41.7%
Number of fires where people work, visit and in vehicles.	1,332	1,250	6.6%
Emergency Response Standard for attendance at Fires where people live (1st appliance to attend within 10 minutes from time of call)	68%	72%	-4.0%pt ²
Emergency Response Standard for attendance at Road Traffic Collisions (1st appliance to attend within 15 minutes from time of call)	75%	75%	0.0%pt ²
Sickness – Rate of shifts lost to sickness per full time equivalent (FTE)	8.63	9.15	-5.7%

[Notes: 1) Percentage v Variance is undefined for an original value of zero 2) %pt - percentage point for difference between percentages]

NARRATIVE REPORT

TABLE 2 – SUMMARY OF KPIs 2016-17

Measure	2016-17	2015-16	Variance (%)
Financial Indicators			
Revenue Spending within budget.	2.9%	2.5%	-0.4%pt
Capital Spending within budget	57.1%	24.8%	-32.3%pt
General Reserve Levels (%age of Revenue Budget	7.2%	7.1%	-0.1%pt
Debt Ratio (%age of Revenue Budget	4.1%	3.6%	0.5%pt
External Borrowing	£25.723m	£25.817m	-0.1%

Overview of Service Performance in 2016-17

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

Prevention Activities

Between April 2016 and March 2017 the Service has increase resources in conducting 7926 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 2016 and March 2017 the Service has undertaken over 2947 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

Between April 2016 and March 2017 the Service conducted over 2875 fire safety checks, over 581 fire safety audits and over 5032 other protection activities to ensure public safety.

Looking Forward

Fire Deaths and injuries

There have been decreases in both fire deaths and injuries over the 12 month period. The Service continues to actively engage with partners and develop risk modelling to identify households and business premises that are most at risk of having a fire.

The Service has developed the ROY database which calculates risk based on NHS Exeter Data (addresses of all over 65s registered with a GP), Experian Mosaic profiling data and DSFRS incident data. This information is then used by Service Delivery to target Home Fire Safety Visit activity, although referrals received from partners will always take priority as there is a confirmed risk.

The Service is using Experian Fire Risk Event Data (FRED) to target Business Safety activities. FRED has been developed by Experian with Fire and

Incident Data Capture

The ICT department has started development of the Single Operational Reporting Tool (SORT); a single, streamlined process to capture incident related data. It will incorporate the national requirements of the Home Office's Incident Recording System (IRS) along with other data relating to incidents in one place. ICT is working with Service Delivery and other key stakeholders to develop input screens that adapt according to the information that has been entered so that only relevant information is requested. SORT 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. The 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

Health and wellbeing of staff continues to be a priority within the Service and there has been a 5.7% reduction in shifts lost due to sickness absence in 2016/17 compared to 2015/16. Work has been commissioned to assess the success of actions outlined within the Absence Management Action List which aim to reduce sickness absence.

NARRATIVE REPORT

Economic Outlook

Following on from the referendum result for the UK to leave the EU and impact of negotiations to come around Brexit we are currently in a period of economic uncertainty which brings the potential for further periods of austerity for the UK as a whole. Given that the Authority has accepted the government offer of a four year settlement covering 2016-17 through 2019-20 the risk to levels of government funding is considered low, although if inflation increases greater efficiencies will be required. There is risk to investment values and yields following the decision by the Bank of England to reduce interest rates to a record low of 0.25%, resulting in a reduction to investment income in 2016-17 and potentially beyond. At the time of writing, the investment portfolio of the Authority is not considered to be impaired and therefore no amendments have been made to the balance sheet since originally approved for publication by the Audit and Performance committee on xxth of June.

Conclusion on performance for the year

We continue to have to respond to 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 2016-17 the Authority has been able to not only deliver the targeted savings required to set a balanced budget, but also to deliver in-year savings which have been transferred to Earmarked Reserves primarily to fund one-off essential spending pressures not included in the 2017-18 base budget.

For 2016-17 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 £2.2m 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 2016-17.

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 16-19 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 2017.

Kevin Woodward
Treasurer to the Authority
Date: 07/06/17

STATEMENT OF ACCOUNTING POLICIES

General principles

The Statement of Accounts summarises the Service transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. 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 2016/17, 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 2017 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 2017. Debtors are accrued on income to cover goods and services provided before 31 March 2017 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 Cost of Service line in the Statement of Comprehensive Income and Expenditure 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.

Post Employment Benefits

The treatment of pension costs in these accounts complies with the Code of Practice on Local Authority Accounting for 2016/17, 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.

STATEMENT OF ACCOUNTING POLICIES

(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.

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.

STATEMENT OF ACCOUNTING POLICIES

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 2017 the Authority had one significant Capital contract outstanding as detailed in Note 13 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.

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).

STATEMENT OF ACCOUNTING POLICIES

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 28).

Overheads Support Services Costs

In line with the CIPFA Code of Practice, all overheads and support services costs are allocated to the Authority's reportable segment - Fire & Rescue 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.

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 2017. A full revaluation will be undertaken every five years as a minimum. The Authority's valuer is John Penalgan 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.

STATEMENT OF ACCOUNTING POLICIES

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)).

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.

STATEMENT OF ACCOUNTING POLICIES

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 2017; (Note 20)

Firefighter Employers pensions liability

The provision for Pension liabilities has been increased by an amount of £0.064m 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 £299k in 2016-17

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 2017 are included with note 21 to these accounts.

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 2017

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	Gross	Net	2015/16 Restated		
		Expenditure	Income	Expenditure	Gross	Gross	Net
		2016/17	2016/17	2016/17	Expenditure	Income	Expenditure
		£000	£000	£000	2015/16	2015/16	2015/16
					£000	£000	£000
Fire & Rescue Service		82,617	(5,418)	77,199	88,326	(4,739)	83,589
Cost of Services		82,617	(5,418)	77,199	88,326	(4,739)	83,589
Financing and Investment Income and Expenditure	11	24,700	(205)	24,495	23,647	(271)	23,377
Other Operating Expenditure / (Income)	10		(11,087)	(11,087)		(12,153)	(12,153)
Taxation and Non Specific Grant Income	12		(73,536)	(73,536)		(75,121)	(75,121)
(Surplus) or deficit on provision of services				17,071			19,692
(Surplus)/Deficit on Revaluation of Non Current Assets	13 & 21			(7,436)			(4,942)
Actuarial (gains) or losses on Pension assets and liabilities	21			132,552			(48,077)
Other comprehensive income and expenditure				125,116			(53,019)
Total Comprehensive Income and Expenditure				142,187			(33,326)

Refer to note 2a for explanation of 2015/16 restatement

BALANCE SHEET AS AT 31 March 2017

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'.

	NOTE	31 March 2017 £000	31 March 2016 £000
Long-term assets			
Property, plant and equipment	13	111,948	108,156
Trade and other receivables	17	975	997
Total Long-Term assets		112,923	109,153
Current assets			
Inventories	16	239	253
Trade and other receivables	17	8,216	10,721
Short-term Investments (exceeding 3mths)	14	19,300	16,000
Cash and cash equivalents	18	15,365	11,338
Total current assets		43,120	38,311
Total assets		156,043	147,464
Current liabilities			
Trade and other payables	19	(6,191)	(6,065)
Borrowings	14	(169)	(196)
Provisions	20	(695)	(62)
Total current liabilities		(7,055)	(6,323)
Net current assets		36,064	31,988
Total assets less current liabilities		148,987	141,141
Non-current liabilities			
Borrowings	14	(27,021)	(27,156)
Pensions Liability	31	(809,183)	(658,061)
Provisions	20	(654)	(1,606)
Total non current liabilities		(836,858)	(686,824)
Total liabilities		(843,913)	(693,147)
Net assets employed		(687,870)	(545,683)
Unusable Reserves			
Revaluation reserve	21	(30,054)	(26,805)
Capital Adjustment Account	21	(54,799)	(54,094)
Council Tax + Business Rates Adjustment Accounts	21	(1,266)	(1,727)
PFI - Equalisation Fund	21	(831)	(843)
Accumulated Absence Account	21	962	902
Pensions Reserve	21	809,183	658,061
		723,194	575,494
Usable Reserves			
General fund balance	21	(5,319)	(5,282)
Earmarked reserves	21	(29,985)	(24,529)
Capital Grants Unapplied		(21)	-
		(35,324)	(29,811)
Total Reserves		687,870	545,683

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2017

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	2016/17 £000	2015/16 £000
Cash flows from operating activities			
Net deficit on provision of services		(17,071)	(19,692)
<u>Adjustments to deficit relating to non cash movements</u>			
Depreciation and Impairment	13	6,249	7,684
Pension Liability	21	18,569	21,416
(Increase)/decrease in inventories	16	14	2
(Increase)/decrease in debtors	17	2,527	(5,752)
Increase/(decrease) in creditors	19	126	(601)
Increase/(decrease) in provisions	20	(318)	219
Other non cash movement		41	(90)
Net cash inflow/(outflow) from operating activities		10,136	3,183
<u>Adjustments to deficit relating to items that relate to investing and financing activities</u>			
Net cash inflow/(outflow) from operating activities		10,136	3,183
Net cash inflow/(outflow) from investing activities	15.2	(2,646)	(6,091)
Cash outflow from financing activities	15.3	(3,462)	307
Net (increase)/decrease in cash and cash equivalents	18	4,028	(2,599)
Cash/cash equivalents (and bank overdrafts) at the beginning of the financial year	18	11,338	13,937
Cash/cash equivalents (and bank overdrafts) at the end of the financial year	18	15,365	11,338

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 March 2017

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.

Restated	Note	Total General fund balance £000	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
		23,765	-	-	23,765	(602,773)	(579,008)
Balance at 31 March 2015							
Movement in reserves during 2015/16							
Cost of Service		(19,692)			(19,692)	-	(19,692)
Other Comprehensive Income and Expenditure		-		-	-	53,019	53,019
Total Comprehensive Income and Expenditure		(19,692)	-	-	(19,692)	53,019	33,327
Adjustments between accounting basis and funding basis under regulations		25,740			25,740	(25,740)	-
Increase/Decrease in year		6,047	-	-	6,047	27,279	33,327
Balance carried forward as at 31 March 2016		29,812	-	-	29,812	(575,495)	(545,683)
Movement in reserves during 2016/17							
Cost of Service	CIES	(17,071)			(17,071)		(17,071)
Other Comprehensive Income and Expenditure		-			-	(125,116)	(125,116)
Total Comprehensive Income and Expenditure		(17,071)	-	-	(17,071)	(125,116)	(142,187)
Adjustments between accounting basis and funding basis under regulations							
<u>PFI Adjustment</u>	21.2	12			12	(12)	-
<u>Adjustments involving the Capital Adjustment Account</u>							-
<u>Reversal of items in the C.I.E.S.</u>							-
Depreciation	13	6,416			6,416	(6,416)	-
Reversal of Impairments	13	(167)			(167)	167	-
Net gain or loss on sale of non-current assets	10	147	14		161	(161)	-
Capital grants received	12	(21)		21	-		-
<u>Insertion of items not in the C.I.E.S.</u>							-
Minimum Revenue Provision	21.2	(2,155)			(2,155)	2,155	-
Capital expenditure funded direct from revenue	21.2	(759)			(759)	759	-
<u>Adjustments involving the Pensions Reserve</u>							-
Reversal of items related to pension benefits debited or credited to the Comprehensive Income and Expenditure Account	21.2	27,858			27,858	(27,858)	-
Employers pension contributions and direct payments to pensioners	21.2	(9,289)			(9,289)	9,289	-
<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	21.2	461			461	(461)	-
<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	21.2	60			60	(60)	-
<u>Adjustments to Capital Resources</u>							-
Use of the Capital Receipts Reserve to finance capital expenditure			(14)		(14)	14	-
Application of capital grants to finance capital				-	-	-	-
Total Adjustments between accounting basis and funding basis under regulations		22,563	-	21	22,584	(22,584)	-
Increase/Decrease in year		5,492	-	21	5,512	(147,700)	(142,187)
Balance carried forward as at 31 March 2017		35,303	-	21	35,324	(723,194)	(687,870)

NOTES TO THE CORE FINANCIAL STATEMENTS

1.1 EXPENDITURE AND FUNDING ANALYSIS

The objective of the Expenditure and Funding Analysis is to demonstrate to the council tax and rate payers how the funding available to the Authority (i.e. Government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the authority in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for the decision making purposes between the Authority's directorate. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2016/17

	Net Expenditure Chargable to the General Fund (Note 1.2) £000	Adjustments between Funding and Accounting Basis (Note 1.2) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Fire & Rescue Service	45,780	31,419	77,199
Net cost of services	45,780	31,419	77,199
Other income and expenditure	(51,273)	(8,855)	(60,128)
(Surplus) or Deficit	(5,492)	22,563	17,071
Opening General Fund	29,812		
Plus Surplus on General Fund balance in year	5,492		
Closing General Fund balance at 31 March	<u>35,304</u>		

2015/16

	Net Expenditure Chargable to the General Fund £000	Adjustments between Funding and Accounting Basis (Note 1.2) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Fire & Rescue Service	48,550	35,038	83,589
Net cost of services	48,550	35,038	83,589
Other income and expenditure	(54,598)	(9,298)	(63,896)
(Surplus) or Deficit	(6,047)	25,741	19,691
Opening General Fund	23,765		
Plus Surplus on General Fund balance in year	6,047		
Closing General Fund balance at 31 March	<u>29,812</u>		

1.2 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

	Depreciation charged to the General Fund £000	Adjustment for Capital Purposes £000	Net Change for the Pensions Adjustment £000	Other Differences £000	Total Adjustment Between funding and Accounting Basis £000
2016/17					
Fire & Rescue Service	6,416	(2,915)	27,858	60	31,419
Net Cost of Services	6,416	(2,915)	27,858	60	31,419
Other income and expenditure		(27)	(9,289)	461	(8,855)
Total	6,416	(2,941)	18,569	521	22,563
	Depreciation charged to the General Fund £000	Adjustment for Capital Purposes £000	Net Change for the Pensions Adjustment £000	Other Differences £000	Total Adjustment Between funding and Accounting Basis £000
2015/16					
Fire & Rescue Service	7,183	(3,007)	30,803	60	35,038
Net Cost of Services	7,183	(3,007)	30,803	60	35,038
Other income and expenditure		501	(9,388)	(410)	(9,298)
Total	7,183	(2,506)	21,415	(351)	25,741

NOTES TO THE CORE FINANCIAL STATEMENTS

2.1 PRIOR PERIOD RESTATEMENT OF SERVICE INCOME AND EXPENDITURE IN THE CIES

Expenditure on services and income relating to or derived from those services is classified in the Comprehensive Income and Expenditure Statement in accordance with the CIPFA Code of Local Authority Accounting in the UK. The 2016/17 Code requires that authorities present expenditure and income on services on the basis of its reportable segments. These reportable segments are based on the authority's internal management reporting structure. Devon & Somerset Fire & Rescue Authority is a single purpose Authority and therefore has only one reportable segment - "Fire and Rescue Services". This is a change from the previous requirement to present expenditure and income in accordance with the Service Expenditure Code of Practice (SERCOP). This note shows how the net expenditure and income has been restated.

	Gross Expenditure			Gross Income		
	As reported in the Comprehensive Income and Expenditure Statement 2015/16	Adjustments between SERCOP classifications and internal reporting classifications	As restated 2015/16	As reported in the Comprehensive Income and Expenditure Statement 2015/16	Adjustments between SERCOP classifications and internal reporting classifications	As restated 2015/16
	£000	£000	£000	£000	£000	£000
SERCOP Service Line						
Community Fire Safety						
Statutory Inspection, certification and enforcement	803	(803)	-	(109)	109	-
Prevention and education	3,164	(3,164)	-	(21)	21	-
Fire Fighting and Rescue Operations						
Operational Responses	74,663	(74,663)	-	(4,490)	4,490	-
Communications and mobilising	6,509	(6,509)	-	-	-	-
Securing water supplies	576	(576)	-	(57)	57	-
Corporate and democratic core costs	972	(972)	-	(62)	62	-
Non distributed costs (Pension liability revaluations)	1,639	(1,639)	-	-	-	-
Fire & Rescue Service		88,326	88,326		(4,739)	(4,739)
Cost of Services	88,326	-	88,326	(4,739)	-	(4,739)

	As reported in the Comprehensive Income and Expenditure Statement 2015/16	Adjustments between SERCOP classifications and internal reporting classifications	As restated 2015/16
	£000	£000	£000
Net Expenditure			
SERCOP Service Line			
Community Fire Safety			
Statutory Inspection, certification and enforcement	694	(694)	-
Prevention and education	3,143	(3,143)	-
Fire Fighting and Rescue Operations			
Operational Responses	70,173	(70,173)	-
Communications and mobilising	6,509	(6,509)	-
Securing water supplies	519	(519)	-
Corporate and democratic core costs	910	(910)	-
Non distributed costs (Pension liability revaluations)	1,639	(1,639)	-
Fire & Rescue Service		83,589	83,589
Cost of Services	83,589	-	83,589

This Authority has only one reportable segment - "Fire & Rescue Services" so all adjustments are applied directly to that segment

NOTES TO THE CORE FINANCIAL STATEMENTS

2.2 PRIOR PERIOD RESTATEMENT OF THE OPERATING SURPLUS/DEFICIT AND OTHER COMPREHENSIVE INCOME AND EXPENDITURE IN THE CIES

Expenditure on services and income relating to or derived from those services is classified in the Comprehensive Income and Expenditure Statement in accordance with the CIPFA Code of Local Authority Accounting in the UK. The 2016/17 Code has changed the classification of some items which make up the operating surplus/deficit and Other Comprehensive Income and Expenditure, this note shows how these items have been restated.

Previous Classification	Net Expenditure as reported in the Comprehensive Income and Expenditure Statement 2015/16 £000	Adjustment between originally stated and restated classification £000	Expenditure as restated 2015/16 £000	Income as restated 2015/16 £000	Net Expenditure as restated 2015/16 £000	Classification as Restated 2015/16
Operating (surplus)/deficit	83,589		88,326	(4,739)	83,589	Cost of Services
Finance costs:						
Finance costs:	23,647	-	23,647			Financing and Investment Income and Expenditure
Investment revenue	(271)	-		(271)		Financing and Investment Income and Expenditure
					23,377	Financing and Investment Income and Expenditure
Other (gains) and Losses	(12,152)				(12,152)	Other Operating Expenditure / (Income)
(Surplus)/deficit for the financial year	94,814				-	
Council Tax	(45,446)	45,446			-	
Non-domestic rates redistribution	(14,712)	14,712			-	
Central government grant	(14,964)	14,964			-	
Capital Grants and Contributions	-	-			-	
Taxation and non-specific grant income	(75,121)	(75,121)		(75,121)	(75,121)	Taxation and non-specific grant income
Retained (surplus)/deficit for the year	19,693				19,693	(Surplus) or deficit on provision of services
Other comprehensive income and expenditure						
Gains on revaluations	(5,541)	5,541			-	
Impairment losses on non-current assets charged to the revaluation reserve	599	(599)			-	
		(4,942)			(4,942)	(Surplus)/Deficit on Revaluation of Non Current Assets
Remeasurements of the net defined liability/ (asset) on pension schemes	(48,077)				(48,077)	Actuarial (gains) or losses on Pension assets and liabilities
					(53,019)	Other comprehensive income and expenditure
Total comprehensive expenditure for the year	(33,325)	-			(33,325)	Total Comprehensive Income and Expenditure

NOTES TO THE CORE FINANCIAL STATEMENTS

2.3 PRIOR PERIOD RESTATEMENT OF THE MOVEMENT IN RESERVES STATEMENT

The CIPFA Code of Local Authority Accounting in the UK 2016/17 requires the total General Fund Balance to be presented. In the past, it was recommended that Earmarked General Fund Reserves be separately presented to the General Fund. In previous years, the Movement in Reserves Statement showed unusable reserves separately and these have been combined as the detail of these reserves is shown in Note 21. Two additional useable reserves - Capital Grants unapplied and Capital Receipts reserves are now included in the statement - which held no balances in previous years. The 2015/16 Movement in Reserves Statement has been restated for these changes.

2015/16	General Fund Balance as previously stated £000	Earmarked Reserves as previously stated £000	General Fund Balance Restated £000
Balance at 31 March 2015	5,271	18,495	23,765
Movement in reserves during 2015/16	-	-	-
Cost of Service	(19,693)	-	(19,693)
Other Comprehensive Income and Expenditure	-	-	-
Total Comprehensive Income and Expenditure	(19,693)	-	(19,693)
Adjustments between accounting basis and funding basis under reg 1	25,741	-	25,741
Net Increase/Decrease before transfers to Earmarked Reserves	6,047	-	
Transfers to Earmarked Reserves	(6,047)	6,047	
Increase/Decrease in year	-	6,047	6,047
Balance carried forward as at 31 March 2016	5,271	24,541	29,811

2015/16	Revaluation reserve as previously stated £000	Pensions Reserve as previously stated £000	Capital Adjustment Account as previously stated £000	Collection Fund Adjustment Account as previously stated	PFI Equalisation Account as previously stated	Accumulated Absences Account as previously stated	Total Unusable Reserves - restated
Balance at 31 March 2015	27,271	(684,723)	53,362	1,316	861	(860)	(602,773)
Movement in reserves during 2015/16	-	-	-	-	-	-	-
Cost of Service	-	-	-	-	-	-	-
Other Comprehensive Income and Expenditure	(466)	48,077	5,410	-	-	-	53,019
Total Comprehensive Income and Expenditure	(466)	48,077	5,410	-	-	-	53,019
Adjustments between accounting basis and funding basis under reg 1	-	(21,415)	(4,678)	410	(18)	(42)	(25,740)
Net Increase/Decrease before transfers to Earmarked Reserves	(466)	26,662	732	410	(18)	(42)	
Transfers to Earmarked Reserves	-	-	-	-	-	-	
Increase/Decrease in year	(466)	26,662	732	410	(18)	(42)	27,279
Balance carried forward as at 31 March 2016	26,805	(658,061)	54,094	1,727	843	(902)	(575,495)

NOTES TO THE CORE FINANCIAL STATEMENTS

3 EXPENDITURE AND INCOME ANALYSed BY NATURE

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is reported as a segment as specified by The CIPFA Code of Local Authority Accounting in the UK 2016/17. 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. This note replaces our previous note "Amounts Reported for Resource Allocation Decisions".

	2016/17 £000	2016/17 £000	2015/16 £000	2015/16 £000
<u>Amounts as reported to management</u>				
Employees	54,602		54,356	
Premises	3,502		3,842	
Transport	3,105		2,958	
Supplies & Services	5,052		5,032	
Establishment Costs	566		570	
External Support Costs	883		633	
Capital Financing Costs	4,383		4,283	
<u>Gross Expenditure</u>		72,093		71,674
<u>Gross Income</u>		(5,027)		(4,580)
Contributions to or (from) reserves		4,718		5,739
Net Expenditure		71,784		72,833
Government Grant and Council Tax Income (budget for the year)		(73,977)		(74,710)
Net surplus - to be transferred to reserves		(2,193)		(1,878)
<u>Amounts in the CIES not reported to management</u>				
Depreciation and impairment	6,249		7,684	
Net charges made for retirement benefits	27,858		30,804	
Surplus of PFI Equalisation Fund	12		18	
Employee Absence Accrual	60		42	
Deficit/(Surplus) on Council Tax and NNDR Collection Fund	461		(410)	
Net Gain or Loss on Sale of current Assets	147		-	
Capital Grants in year	(21)		-	
		34,766		38,134
<u>Amounts in management information not included in the Cost of Services in the CIES</u>				
Minimum Revenue Provision	(2,155)		(1,828)	
Direct Revenue funding to Capital	(759)		(1,178)	
Employers Contributions to Pensions	(9,289)		(9,387)	
		(12,203)		(12,394)
Total Adjustment Between funding and Accounting Basis		22,563		25,740
Transfer to Earmarked Reserves	(6,911)		(7,617)	
Transfers between Usable Reserves	(237)		-	
Spending from Earmarked Reserves	1,655		1,571	
Net movement in Earmarked Reserves		(5,493)		(6,047)
(Surplus) or deficit on provision of services	-	17,070	-	19,692

NOTES TO THE CORE FINANCIAL STATEMENTS

4 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:

- **Amendment to the reporting of pension fund scheme transaction costs**
- **Amendment to the reporting of investment concentration (see paragraph 6.5.5.1 (m) of the 2017/18 Code)**

5 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 the 2016/17 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.

6 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 2017 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.
Pensions Liabilities	Assets and Liabilities of the Local Government Pension Scheme (LGPS) have been assessed based on values at the 28th February 2017 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 2016-17.
Provisions	The Authority has made a provision of £0.3m 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

7 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.

8 EVENTS AFTER THE BALANCE SHEET DATE

The draft Statement of Accounts was authorised for issue by the Audit & Performance Committee on 27 June 2017. 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 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

9 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.

10 OTHER OPERATING INCOME AND EXPENDITURE

	2016/17 £000	2015/16 £000
Movement on unapplied government grants	0	0
Gains/losses on the disposal of non-current assets	147	0
Communities for Local Government Firefighters Pension Top-Up Grant	(11,234)	(12,153)
	(11,087)	(12,153)

11 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2016/17 £000	2015/16 £000
Interest on Loans	1,293	1,298
Investment income	(205)	(271)
Pensions Interest and administration Cost	23,407	22,349
	24,495	23,376

12 TAXATION AND NON SPECIFIC GRANT INCOMES

	2016/17 £000	2015/16 £000
Council tax income	(47,171)	(45,446)
Non domestic rates	(14,050)	(14,712)
Non-ring-fenced government grants	(12,294)	(14,964)
Capital grants and contributions	(21)	0
	(73,536)	(75,121)

NOTES TO THE CORE FINANCIAL STATEMENTS

13. PROPERTY PLANT AND EQUIPMENT

	Land	Buildings excluding dwellings	Assets under construction	Plant and machinery	Transport	Total
2016/17	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2016	18,361	75,534	-	3,967	21,624	119,486
Additions purchased	-	453	-	679	1,634	2,766
Additions donated	-	-	-	-	-	-
Additions government granted	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Derecognition - disposals	-	-	-	-	(790)	(790)
Revaluation gains	14	3,726	-	-	-	3,740
Revaluation removals	-	(99)	-	-	-	(99)
Impairments	-	(164)	-	-	-	(164)
Downward Revaluations	-	(491)	-	-	-	(491)
Reversal of impairments	1	330	-	-	-	331
At 31 March 2017	18,376	79,289	-	4,646	22,468	124,779
Depreciation at 1 April 2016	-	(843)	-	(2,122)	(8,365)	(11,330)
Reclassifications	-	-	-	-	-	-
Reclassified as held for sale	-	-	-	-	-	-
Derecognition - disposals	-	-	-	-	628	628
Revaluation removals	-	4,287	-	-	-	4,287
Impairments	-	-	-	-	-	-
Reversal of Impairments	-	-	-	-	-	-
Charged during the year	-	(4,191)	-	(440)	(1,785)	(6,416)
Depreciation at 31 March 2017	-	(747)	-	(2,562)	(9,522)	(12,831)
Net book value						
As at 31 March 2016	18,361	74,691	-	1,845	13,259	108,156
As at 31 March 2017	18,376	78,542	-	2,084	12,946	111,948
Asset financing						
Owned	18,376	77,497	-	2,084	12,946	110,903
Finance Leased	-	-	-	-	-	-
Private finance initiative	-	-	-	-	-	-
PFI residual interests	-	1,045	-	-	-	1,045
Total 31 March 2017	18,376	78,542	-	2,084	12,946	111,948

SIGNIFICANT COMMITMENTS UNDER CAPITAL CONTRACTS

As at 31 March 2017 the Authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2017/18 and future years budgeted to cost £1m. There were similar commitments at 31 March 2016 of £1.6m. Of these contracts only one is of significant value, with £0.4m being committed to purchase vehicle washing units.

NOTES TO THE CORE FINANCIAL STATEMENTS

13.1 PROPERTY PLANT AND EQUIPMENT VALUATIONS

	Land	Buildings excluding dwellings	Assets under construction	Plant and machinery	Transport	Total
	£000	£000	£000	£000	£000	£000
2016/17						
Valued at Historical Cost	-	-	-	4,646	22,468	27,114
Valued at Current Value in:	-	-	-	-	-	-
2016/17	18,376	79,289	-	-	-	97,665
2015/16	-	-	-	-	-	-
2014/15	-	-	-	-	-	-
2013/14	-	-	-	-	-	-
2012/13	-	-	-	-	-	-
Total	18,376	79,289	-	4,646	22,468	124,779

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.

13.2 PROPERTY PLANT AND EQUIPMENT PRIOR YEAR

	Land	Buildings excluding dwellings	Assets under construction	Plant and machinery	Transport	Total
	£000	£000	£000	£000	£000	£000
2015/16						
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	-	(549)	-	-	-	(549)
Downward revaluations	-	(599)	-	-	-	(599)
Reversal of Impairments	-	48	-	-	-	48
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 2014	18,361	74,706	-	1,105	10,549	104,721
As at 31 March 2015	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

NOTES TO THE CORE FINANCIAL STATEMENTS

14 FINANCIAL INSTRUMENTS

14.1 BALANCE SHEET FINANCIAL INSTRUMENTS

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

	Long-Term		Current	
	£000	£000	£000	£000
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
Financial Liabilities				
Borrowings at amortised cost (PWLB)	(25,722)	(25,782)	(93)	(127)
Private Finance Initiative	(1,299)	(1,374)	(75)	(69)
Finance Lease	-	-	-	-
Commercial Bank	-	-	-	-
Creditors	-	-	(4,361)	(4,390)
	(27,021)	(27,156)	(4,530)	(4,587)
*Excludes following amounts which are not classed as financial instruments				
Income in advance			(118)	(84)
Non contractual creditors e.g. council tax			(751)	(689)
Accumulated absence accrual			(962)	(902)
Amount shown as short-term creditors in balance sheet			(6,191)	(6,065)
Financial Assets				
Cash at Bank	-	-	3	13
Investments (Cash equivalents)	-	-	15,362	11,325
Investments (exceeding 3 mths.)	-	-	19,300	16,000
Debtors	975	997	6,180	9,130
	975	997	40,844	36,468
**Excludes following amounts which are not classed as financial instruments				
Non contractual debtors e.g. council tax			1,017	955
Payments in advance			1,019	636
Amount shown as current trade & other receivables in balance sheet			8,216	10,721

14.2 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	£000	£000	£000	£000	£000
	31 March	31 March	31 March	31 March	31 March	31 March
	2017	2016	2017	2016	2017	2016
Interest Expense	(1,293)	(1,298)			(1,293)	(1,298)
Interest payable and similar charges	(1,293)	(1,298)	-	-	(1,293)	(1,298)
Interest Income	-	-	205	271	205	271
Interest and Investment Income	-	-	205	271	205	271
Net Gain/(loss) for the year	(1,293)	(1,298)	205	271	(1,088)	(1,027)

NOTES TO THE CORE FINANCIAL STATEMENTS

14.3 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, new loan 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	£000	£000	£000
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
Total Debt				
- PWLB	(25,815)	(25,908)	(35,224)	(32,344)
- Other Credit Arrangements	(1,375)	(1,444)	(1,375)	(1,444)
- Commercial Overdraft	-	-	-	-
Trade and other creditors	(4,361)	(4,390)	(4,361)	(4,390)
Total Liabilities	(31,550)	(31,742)	(40,959)	(38,177)
FINANCIAL ASSETS	Carrying Amount		Fair Values	
	£000	£000	£000	£000
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
Financial assets				
Total Investments	34,662	27,325	34,734	27,388
Cash and Bank	3	13	3	13
Trade and other debtors	8,174	10,763	8,174	10,763
Total Financial assets	42,838	38,100	42,911	38,163

Fair Values are calculated using Level 1 inputs, being quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions.

15 CASH FLOW STATEMENT NOTES

15.1 OPERATING ACTIVITIES

The cash flows for operating activities include the following items;

	2016/17	2015/16
	£000	£000
Interest Received	205	271
Interest Paid	(1,293)	(1,298)
Total	(1,088)	(1,027)

15.2 INVESTMENT ACTIVITIES

	2016/17	2015/16
	£000	£000
Payments for property, plant and equipment	(2,667)	(6,091)
Sale of investments	-	-
Capital Grant Received	21	-
Net Cash Flows from investing activities	(2,646)	(6,091)

15.3 FINANCING ACTIVITIES

	2016/17	2015/16
	£000	£000
Loans Received	-	-
Loans Repaid	(93)	(127)
Increase in Short-Term Deposits	(3,300)	500
Loan Capital Repayments of PFI and finance leases	(69)	(66)
Net Cash Flows from investing activities	(3,462)	307

NOTES TO THE CORE FINANCIAL STATEMENTS

16 INVENTORIES

	31 March 2017 £000	31 March 2016 £000
Uniforms and Protective Clothing	86	98
Vehicle Spares Stocks	86	84
Equipment Stocks	67	71
Total	239	253

17 DEBTORS

17.1 Trade and other receivables

	Current		Non-current	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
Current Assets				
Central Government Departments	3,501	5,124	0	0
Other Local Authorities	2,761	3,441	831	843
NHS bodies	130	142	0	0
Other	1,829	2,019	144	154
Provision for the impairment of receivables	(5)	(5)	0	0
Total	8,216	10,721	975	997

17.2 Receivables past their due date but not impaired

	31 March 2017 £000	31 March 2016 £000
By up to three months	421	23
By three to six months	2	0
By more than six months	0	1
Total	423	24

17.3 Provision for impairment of receivables

	31 March 2017 £000	31 March 2016 £000
Balance at 1 April	(5)	(12)
Amount written off during the year	-	7
(Increase)/decrease in receivables impaired	-	-
Balance at 31 March	(5)	(5)

18 CASH AND CASH EQUIVALENTS

	31 March 2017 £000	31 March 2016 £000
Balance at 1 April	11,338	13,936
Net change in year	4,027	(2,599)
Balance at 31 March	15,365	11,338
Made up of		
Commercial banks and cash in hand	3	13
Current investments (less than 3 Months to maturity)	15,362	11,325
Cash and cash equivalents as in statement of financial position	15,365	11,338
Bank Balance - Commercial banks	-	-
Cash and cash equivalents as in statement of cash flows	15,365	11,338

NOTES TO THE CORE FINANCIAL STATEMENTS

19 CREDITORS

	Current		Non-current	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
Current Liabilities				
Central Government Departments	(1,141)	(1,542)	-	-
Other Local Authorities	(1,326)	(1,282)	-	-
NHS bodies	(1)	-	-	-
Other entities and individuals	(2,761)	(2,339)	-	-
Accum absence	(962)	(902)	-	-
Defined Benefit Pension Schemes	-	-	(809,183)	(658,061)
Total	(6,191)	(6,065)	(809,183)	(658,061)

20 PROVISIONS

	Current		Non-current	
	31 March 2017 £000	31 March 2016 £000	31 March 2017 £000	31 March 2016 £000
Firefighter Employer Pension Contribution	(695)	(62)	(60)	(632)
NDR Appeals Provision	-	-	(299)	(679)
PFI Equalisation	-	-	(295)	(295)
Total	(695)	(62)	(654)	(1,606)

	Firefighter Employer Pension Contribution £000	PFI Equalisation £000	NDR Appeals £000	Total £000
At 1 April 2015	784	295	371	1,450
Arising during the year	66	-	308	374
Used during the year	(156)	-	-	(156)
Reversed unused	-	-	-	-
Unwinding of discount	-	-	-	-
At 31 March 2016	694	295	679	1,668
At 1 April 2016	694	295	679	1,668
Arising during the year	64	-	-	64
Used during the year	(2)	-	-	(2)
Reversed unused	-	-	(380)	(380)
At 31 March 2017	755	295	299	1,350
Expected timing of cash flows:				
Between 1 April 2017 & 31 March 2018	695	-	-	695
Thereafter	60	295	299	654

NOTES TO THE CORE FINANCIAL STATEMENTS

21 USABLE AND UNUSABLE RESERVES

21.1 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 2016/17.

2016/17

Earmarked reserve	Balance 1 April	Transfers In	Transfers Out	Balance 31 March
	£000	£000	£000	£000
Investment in Community Safety	173	-	(84)	89
Mobilisation ICT Equipment	46	-	(9)	37
Home Safety Visits	100	281	-	381
Uniform replacement	996	-	(455)	542
Station Improvements	297	-	(61)	236
Grants Unapplied	950	854	(275)	1,528
Change and improvement	1,112	475	(693)	894
CSR strategy reserve	4,957	-	-	4,957
Commercial Services	191	-	(19)	172
Support for Capital Programme	12,912	3,679	(14)	16,577
Telephone System Replacement	215	-	-	215
Specialist Rescue Level 4 Boat Training	33	-	(33)	-
Pensions Reserve	1,525	-	-	1,525
Thermal Imaging Cameras	19	-	(19)	-
NNDR Smoothing Reserve	612	30	-	642
National Procurement Project	372	-	27	399
Firefighter fitness	15	-	(15)	-
Aide Memoire for appliances	5	-	(5)	-
ICT Network Enhancements	-	50	-	50
Estates Revenue Projects	-	160	-	160
PIMS Replacement	-	230	-	230
Risk Critical Operational Equipment	-	38	-	38
Firefighter fitness monitoring & support	-	176	(1)	175
Operational Safety - new training model	-	404	-	404
ESMCP	-	688	-	688
SHQ Canteen remodel	-	49	-	49
Total Earmarked Reserves	24,529	7,111	(1,655)	29,985
General Fund (non Earmarked) Balance	5,282	37	-	5,319
Total General Fund	29,811	7,148	(1,655)	35,304

Restated for inclusion
of General Fund

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 Earmarked Reserves	18,494	7,617	(1,582)	24,529
General Fund (non Earmarked) Balance	5,271	11	-	5,282
Total General Fund	23,765	7,628	(1,582)	29,811

NOTES TO THE CORE FINANCIAL STATEMENTS

21.2 UNUSABLE RESERVES

	31 March 2017 £000	31 March 2016 £000
Revaluation Reserve	(30,054)	(26,805)
Capital Adjustment Account	(54,799)	(54,094)
Pensions Reserve	809,183	658,061
Collection Fund Adjustment Account	(1,161)	(1,280)
NNDR Adjustment Account	(105)	(447)
Accumulated Absences Account	962	902
PFI Equalisation Fund	(831)	(843)
Total	723,195	575,494

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.

	2016/17 £000	2015/16 £000
Balance at 1 April	(54,094)	(53,362)
<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	790	2,804
Charges for depreciation and impairment of non-current assets	6,249	7,684
	7,039	10,488
Minimum Revenue Provision	(2,155)	(1,828)
Capital Expenditure charged against the Revenue Account	(759)	(1,178)
Capital Receipts Reserve	(14)	
Adjusting amounts written out of the Revaluation Reserve	(1,515)	(2,224)
Depreciation written down in-year	(3,301)	(5,990)
Balance at 31 March	(54,799)	(54,094)

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.

	2016/17 £000	2015/16 £000
Balance at 1 April	(26,805)	(27,271)
Upward Revaluation of assets	(5,256)	(156)
Downward revaluations	492	599
Difference between fair value depreciation and historical cost depreciation	1,515	23
Balance at 31 March	(30,054)	(26,805)

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.

	2016/17 £000	2015/16 £000
Balance at 1 April	658,061	684,723
Remeasurements of the net defined liability/ (asset)	132,552	(48,077)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on Provision of services	27,858	30,804
Employer's pensions contributions and direct payments to pensioners payable in the year	(9,289)	(9,387)
Balance at 31 March	809,183	658,061

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.

	2016/17 £000	2015/16 £000
Balance at 1 April	(1,280)	(1,131)
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	119	(148)
Balance at 31 March	(1,161)	(1,280)

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.

	2016/17 £000	2015/16 £000
Balance at 1 April	(447)	(185)
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	342	(262)
Balance at 31 March	(105)	(447)

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.

	2016/17 £000	2015/16 £000
Balance at 1 April	902	860
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	60	42
Balance at 31 March	962	902

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 2017 a surplus of £0.831m (£0.843m as at 31 March 2016) was attributable to Devon and Somerset FRA and this has been included as a PFI debtor against Gloucestershire County Council.

	2016/17 £000	2015/16 £000
Balance at 1 April	(843)	(861)
PFI Surplus for the year	12	18
Balance at 31 March	(831)	(843)

NOTES TO THE CORE FINANCIAL STATEMENTS

22 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 2016/17 are shown in the following table which shows all serving members during 2015/16 and 2016/17.

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

	Basic and Special Responsibility Allowance	Travel and Subsistence	2016/17	2015/16
	£	£	£	£
Ball Kevin	2,511	108	2,619	6,323
Bown Ann	6,500	1,307	7,807	7,594
Bowyer Lynda	-	-	-	411
Brooksbank John	-	-	-	291
Burridge-Clayton Peter	2,600	668	3,268	3,010
Chugg Caroline	2,600	653	3,253	2,445
Coles Simon	2,265	937	3,202	-
Colthorpe Polly	2,600	-	2,600	2,581
Dyke William	6,500	1,710	8,210	7,623
Eastman Andrew	5,161	1,049	6,210	5,974
Edmunds Michael	2,511	869	3,380	7,158
Ellery Victor	2,600	81	2,681	3,479
Greenslade Brian	9,100	1,642	10,742	12,343
Healey Mark	21,560	6,091	27,651	30,644
Hendy Neil	2,251	355	2,605	-
Hill Roy	2,600	161	2,761	2,412
Horsfall Alvin	342	-	342	3,151
Julian Robin	2,306	1,102	3,408	-
Knight James	2,600	-	2,600	2,581
Leaves Martin	2,511	119	2,630	6,622
Owen Jill	-	-	-	317
Prior-Sankey Hazel	-	-	-	305
Radford Ray	6,500	584	7,084	6,849
Randall Johnson Sara	2,529	-	2,529	4,904
Redman Leigh	2,600	879	3,479	2,820
Riley John	2,251	-	2,251	-
Singh Charanjeet	412	129	541	3,409
Smith John	-	-	-	291
Thomas David	8,600	513	9,113	3,147
Way Nicholas	2,600	-	2,600	2,581
Wheeler George	2,600	610	3,210	2,609
Woodman John	8,600	1,431	10,031	7,687
Yeomans Derek	2,020	416	2,436	2,398

23 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:

The increase in numbers earning £50,000-£54,999 since last year is due to cost of living pay rises at 1% increasing the total earnings of some Station Managers to within that band and is not reflective of an increased number of senior staff.

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

	2016/17	2015/16
£50,000 - £54,999	28	14
£55,000 - £59,999	23	26
£60,000 - £64,999	6	7
£65,000 - £69,999	3	-
£70,000 - £74,999	3	1
£75,000 - £79,999	2	3
£80,000 - £84,999	1	2
£85,000 - £89,999	3	2
£90,000 - £94,999	-	-
£95,000 - £99,999	1	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	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	-	-
£145,000 - £149,999	-	-
£150,000 - £155,999	1	1

NOTES TO THE CORE FINANCIAL STATEMENTS

23.2 Senior Officers Remuneration 2016/17 over £50k

The number of posts attracting remuneration over £50k remained static in 2016/17. There were several leavers and new starters in senior management which has increased the number of individuals shown on the list below when compared to 2015/16, despite the number of posts being the same.

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 2016/17 £
Chief Fire Officer	149,335	1,784	0	151,119	32,406	183,525
Assistant Chief Fire Officer (a)	97,316	294	0	97,610	20,580	118,190
Assistant Chief Fire Officer (b)	86,452	1,780	0	88,232	7,732	95,964
Assistant Chief Fire Officer (j)	83,095	314	0	83,409	13,564	96,973
Director of Corporate Services	85,556	4,416	0	89,972	15,742	105,714
Director of People & Organisational Development	85,556	4,086	0	89,642	15,742	105,384
Treasurer>	36,690	-	0	36,690	-	36,690
Area Manager	78,768	-	0	78,768	16,539	95,307
Area Manager (c)	65,482	1,241	0	66,723	13,625	80,348
Area Manager (d)	72,517	1,558	0	74,075	15,213	89,288
Area Manager (e)	74,531	1,127	0	75,658	15,637	91,295
Area Manager (f)	73,808	162	0	73,970	14,812	88,782
Area Manager (g)	73,916	776	0	74,692	14,724	89,416
Area Manager (h)	54,803	-	0	54,803	6,886	61,689
Area Manager (i)	59,151	2,200	0	61,351	8,424	69,775
Head of ICT	56,757	-	0	56,757	10,443	67,200
HR Manager	57,103	-	0	57,103	10,507	67,610
Strategic Assets Manager	57,997	-	0	57,997	10,671	68,668
Head of Procurement*	47,553	3,788	0	51,341	8,750	60,091
Head of Finance	48,394	-	0	48,394	8,904	57,298
Commercial Business Development Manager	54,553	1,886	0	56,439	10,038	66,477
Fleet and Engineering Manager	51,407	-	0	51,407	-	51,407
	1,550,737	25,412	0	1,576,149	270,939	1,847,088
(a) In Post 05/10/2016, previously Area Manager	(b) Left Post 15/08/2016	(c) In Post 27/10/2016 to 31/03/2017				
(d) Left Post 28/02/2017	(e) Left Post 28/02/2017	(f) In Post from 01/01/2016				
(g) In Post from 12/01/2016	(h) In post from 06/03/2017	(i) In Post from 06/03/2017		(j) In Post from 26/10/2016, previously Area Manager		
>Remunerated via Personal Service Co.	* Part-time					

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	152,835	32,080	184,915
Assistant Chief Fire Officer	110,876	3,591	0	114,467	20,401	134,868
Director of Corporate Services	84,447	3,951	0	88,398	15,538	103,936
Director of People & Organisational Development	84,447	3,656	0	88,103	15,538	103,641
Treasurer* (g)	76,066	0	0	76,066	15,270	91,336
Area Manager	21,424	0	0	21,424	4,325	25,749
Area Manager(a)	80,566	0	0	80,566	15,487	96,053
Area Manager	75,911	0	0	75,911	15,466	91,377
Area Manager(b)	68,818	1,247	0	70,065	14,099	84,164
Area Manager	80,557	2,045	0	82,602	16,035	98,637
Area Manager	75,423	1,875	0	77,298	15,325	92,623
Area Manager (c)	61,859	958	0	62,817	13,106	75,923
Area Manager (d)	61,529	703	0	62,232	13,088	75,320
Head of ICT	54,252	0	0	54,252	9,982	64,234
HR Manager	56,245	0	0	56,245	10,349	66,594
Strategic Assets Manager (e)	13,553	0	0	13,553	2,494	16,047
Strategic Assets Manager (f)	51,477	0	0	51,477	9,472	60,949
Head of Procurement*	46,202	3,150	0	49,352	8,501	57,853
Head of Finance	54,942	0	0	54,942	10,109	65,051
Commercial Business Development Manager	53,826	3,131	0	56,957	9,904	66,861
	1,360,254	29,308	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	*Part time			
(c) In Post 01/01/16	(d) In Post 12/01/16	(f) In post 18/05/15	(g) Remunerated via personal company			

23.3 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 (b + c)		Total cost of exit packages in each band	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
£0 - £20,000	4	1	2	10	6	11	£29,585	£127,010
£20,001 - £40,000	0	0	2	1	2	1	£60,030	£20,554
£40,001 - £60,000	0	0	1	0	1	0	£44,429	£0
£60,001 - £80,000	0	0	0	0	0	0	£0	£0
Total	4	1	5	11	9	12	£134,044	£147,564

NOTES TO THE CORE FINANCIAL STATEMENTS

24 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.

	2016/17 £000	2015/16 £000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	34	34
Forensic Review	5	-
Provision of P11D advice	1	7
Total	39	41

25 GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement (CIES) in 2016/17

	2016/17 £000	2015/16 £000
Grants		
New Dimensions Grant	(988)	(1,028)
Firelink Grant	(1,562)	(778)
Hinkley Point Grant	(25)	(160)
Rural Services Delivery Grant	(421)	-
Business Rates Relief	(503)	(532)
Section 31 Grants (Minor)	(85)	(8)
Procurement Grant Funding	(190)	(374)
Capitalisation funding Grant	(149)	-
Sub Total Grants	(3,924)	(2,881)
Canteen income	(24)	(122)
DCLG Smoke alarm funding	-	(45)
Insurance cost recovery	46	(62)
Legal fees	(17)	(47)
Procurement income from Frameworks	(82)	(105)
Rental income	(65)	(110)
Secondment income	(89)	(53)
Vehicle sales and maintenance	(65)	(47)
Other income and donations	(291)	(307)
Reimbursement of flooding incidents	-	-
Coresponder Income	(137)	(244)
JCP Phoenix Courses	(11)	(25)
PFI Fair value	(447)	(447)
Training Income	(312)	(244)
Sub Total Other Income	(1,495)	(1,858)
Total within cost of services in the CIES	(5,418)	(4,739)

26 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 Note 25.

Members Members of the authority have direct control over the Service's financial and operating policies. The total of members' allowances paid in 2016/17 is shown in Note 22. 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 2016/17 no material transactions were disclosed.** The table below summarises transactions with other public bodies.

	2016/17 £000	2015/16 £000
Central government income		
New Dimensions Grant	(988)	(1,028)
Red One Limited[^]		
Receipts from Red One Ltd of training income and reimbursements	(574)	(630)
Devon County Council		
Payments to DCC for provision of financial services	93	103
Payments to DCC Pension Fund for employers contributions	1,540	1,630
Payments to DCC for provision of payroll services	55	42
Cornwall Council		
Payments to CC for provision of legal services	70	26
Plymouth City Council		
Payments to PCC for provision of legal services	30	26
SAFE South West		
Payments to support SAFE Charity including transfer of grant funds	25	106
FRIC*		
Payments for Insurance	701	754

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.

[^]Red One Ltd.

In 2013 the Authority established Red One Ltd., which is a wholly owned subsidiary limited by shares, to enable trading activity to take place. The company focuses on selling training and specialist staffing solutions to public and private sector clients both in the UK and overseas. Any costs born by the Authority in relation to this activity are directly reimbursed and an annual dividend is paid over to the Authority from retained profits.

The Authority and management have made a judgement that the activities of Red One Ltd. do not have a material impact upon the accounts of the Authority and as a result the accounts have not been consolidated as a group.

*Risk Protection

Until 31 October 2015 Insurances for the Authority were arranged as part of a consortium of nine fire and rescue authorities. These fire and rescue authorities, including Devon & Somerset, are now members of the Fire and Rescue Indemnity Company Limited. The company commenced trading in November 2015. The Authority's risk protection arrangements are provided through the pooled funds of the company. The Authority made a contribution of £701k to the company for the year end 31 October 2017 of which £292k relates to the 2016/17 financial year.

NOTES TO THE CORE FINANCIAL STATEMENTS

27 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.

	2016/17 £000	2015/16 £000
Opening Capital Financing Requirement	27,260	24,091
<u>Capital investment</u>		
Operational assets	2,765	6,176
<u>Sources of Finance</u>		
Capital receipt	(14)	
<u>Sums set aside from revenue</u>		
Minimum Revenue Provision	(2,155)	(1,828)
Direct revenue funding	(759)	(1,179)
Closing Capital Financing Requirement	27,097	27,260
Explanation of movements in year	2016/17 £000	2016/17 £000
Increase/(Decrease) in underlying need to borrow	(94)	3,235
(Decrease) in PFI/lease liabilities	(69)	(66)
Increase/(decrease) in Capital Financing Requirement	(163)	3,169

28 LEASES

28.1 OPERATING LEASES AS LESSEE

Total rentals paid during the year amounted to £0.223m. It is estimated that the outstanding liability for future years, in relation to existing lease agreements is £0.161m.

	2016/17 £000	2015/16 £000
<u>Payments recognised as an expense in year</u>	223	580
<u>Future Minimum Lease Payments payable:</u>		
Not later than one year	157	195
Between one and five years	4	107
Total	161	302

NOTES TO THE CORE FINANCIAL STATEMENTS

29 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 2017 (excluding any estimation of inflation and availability/ performance deductions) are as follows:

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	2016/17 £000	2015/16 £000
Paid in 2016/17	506	69	128	703	686
Outstanding undischarged contract obligations:					
Payable within one year	524	75	122	721	703
Payable within two to five years	2,265	391	411	3,068	2,993
Payable within six to ten years	3,271	725	285	4,282	4,179
Payable within eleven to fifteen years *	723	182	16	921	1,820
	<u>6,783</u>	<u>1,374</u>	<u>834</u>	<u>8,991</u>	<u>9,695</u>

* There are eleven 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:

	2016/17 £000	2015/16 £000
Balance outstanding at 1 April	1,444	1,510
Payments in year	(69)	(66)
Balance outstanding at 31 March	<u>1,375</u>	<u>1,444</u>

30 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 13 which reconciles the movement over the year in the Property, Plant and Equipment balances.

	2016/17 £000	2015/16 £000
Impairment of Land	-	-
Impairment of Buildings	(164)	(549)
Net Amount Charged to the CIES	<u>(164)</u>	<u>(549)</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

31.1 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 Home Office. 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.

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 2016/17	Total Contributions expected to be made by the authority in the year to 31st March 2018	
			£000
Local Government Pension Scheme	18.4%	}	1,547
1992 Firefighters Pension Scheme	21.7%		
2006 New firefighters Pension Scheme	11.9%		
2006 Modified firefighters Pension Scheme	21.7%		
2015 Firefighters Pension Scheme	14.3%		4,683

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 31.2 Pension Schemes

	LG Pension Scheme 2016/17 £000	LG Pension Scheme 2015/16 £000	LG Unfunded 2016/17 £000	LG Unfunded 2015/16 £000	Fire schemes 2016/17 £000	Fire schemes 2015/16 £000	Total 2016/17 £000	Total 2015/16 £000
Comprehensive Income & Expenditure Statement								
<i>Service Cost Comprising:</i>								
Current Service Cost	2,216	2,636	-	-	13,367	16,332	15,583	18,968
Past Service Costs	101	28	-	-	-	1,611	101	1,639
<i>Financing and Investment Income and Expenditure:</i>								
Net Interest Expense	913	902	12	10	22,456	21,421	23,381	22,333
Administration Expenses	26	16					26	16
CLG Pension top up grant					(11,234)	(12,152)	(11,234)	(12,152)
Total Post-employment benefits charged to the Surplus or Deficit on the Provision of Services	3,256	3,582	12	10	24,589	27,212	27,857	30,804
<i>Remeasurement of the net defined benefit liability comprising:</i>								
Expected return on plan assets (excluding the amount included in net interest expense)	(6,223)	1,193					(6,223)	1,193
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	(6,223)	1,193	-	-	-	-	(6,223)	1,193
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	(3,256)	(3,582)	(12)	(10)	(24,589)	(27,212)	(27,857)	(30,804)
<i>Amount charged against the General Fund Balance for pensions in the year</i>								
Employers contributions payable to scheme	1,676	1,613			4,680	4,858	6,356	6,471
Employers contributions payable to scheme (secondees not charged to general fund)	2	36	-	-	7	-	10	36
Ill health charges					512	410	512	410
Retirement benefits payable to pensioners - Authority			19	20	2,387	2,449	2,406	2,469
Retirement benefits payable to pensioners - Fund	1,237	1,259			20,339	22,871	21,576	24,130
Total Retirement benefits payable to pensioners	1,237	1,259	19	20	22,726	25,320	23,982	26,599

NOTES TO THE CORE FINANCIAL STATEMENTS

Reconciliation of the present value of the scheme liabilities	LG Pension Scheme 2016/17 £000	LG Pension Scheme 2015/16 £000	LG Unfunded 2016/17 £000	LG Unfunded 2015/16 £000	Fire schemes 2016/17 £000	Fire schemes 2015/16 £000	Total 2016/17 £000	Total 2015/16 £000
1st April	65,921	67,305	326	315	632,962	657,070	699,209	724,690
Current Service Cost	2,216	2,636	-	-	13,367	16,332	15,583	18,968
Interest Cost	2,496	2,278	12	10	22,456	21,421	24,964	23,709
Contributions by scheme participants	614	623	-	-	3,903	5,449	4,517	6,072
<i>Remeasurement (gains) and losses:</i>								
Actuarial gains and losses arising on changes in demographic assumptions	(63)	-	(7)	-	(31,203)	-	(31,273)	-
Actuarial gains and losses arising on changes in financial assumptions	17,828	(5,690)	40	(13)	151,531	(45,818)	169,399	(51,521)
Experience gains and losses	(432)	-	-	34	246	2,217	(186)	2,251
Past service Costs	101	28	-	-	-	1,611	101	1,639
Losses (gains) on curtailments	-	-	-	-	-	-	-	-
Benefits Paid	(1,237)	(1,259)	(19)	(20)	(22,726)	(25,320)	(23,982)	(26,599)
31st March	87,444	65,921	352	326	770,536	632,962	858,332	699,209

Pensions Assets and Liabilities Recognised in the Balance Sheet	2016/17 £000	2015/16 £000
Present value of liabilities		
LGPS	(87,444)	(65,921)
LGPS- unfunded	(352)	(326)
Firefighters Pension schemes	(726,739)	(591,428)
Firefighters Compensation Regulations	(43,797)	(41,535)
Fair value of assets in the LGPS	49,149	41,148
	(809,183)	(658,061)
Surplus/(deficit) in the scheme:		
LGPS	(38,295)	(24,773)
LGPS- unfunded	(352)	(326)
Firefighters Pension schemes	(726,739)	(591,428)
Firefighters Compensation Regulations	(43,797)	(41,535)
Net Liability arising from defined benefit obligation	(809,183)	(658,061)

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 31.3 Pension Schemes

Proportion of assets held - LGPS	£000	31 March 2017	£000	31 March 2016
		%		%
Gilts	1,467	3%	1,132	3%
UK Equities	11,819	24%	9,930	24%
Overseas Equities	17,091	35%	13,224	32%
Property	4,300	9%	4,608	11%
Infrastructure	1,913	4%	1,558	4%
Target Return Portfolio	7,297	15%	5,994	15%
Cash	1,312	3%	917	2%
Other Bonds	1,256	3%	1,460	4%
Alternative assets	2,694	5%	2,325	6%
Total Fair value of LGPS assets	49,149	100%	41,148	100%

Based on estimated bid values.

Movement between the opening and closing balances of the fair value of assets:	Year to 31 March 2017	Year to 31 March 2016
	£000	£000
Opening fair value	41,148	39,967
Interest Income	1,583	1,376
Return on plan assets (excluding the amount included in net interest expense)	6,223	(1,193)
Other Actuarial Gains/ (Losses)	(834)	-
Administration Expenses	(26)	(16)
Contributions by employer	1,697	1,670
Contributions by scheme participants	614	623
Estimated benefits paid	(1,256)	(1,279)
Fair value of scheme assets at end of period	49,149	41,148

Basis for establishing assets and liabilities	LG Pension Scheme 2016/17 £000	LG Pension Scheme 2015/16 £000	LG Unfunded 2016/17 £000	LG Unfunded 2015/16 £000	Fire Schemes 2016/17 £000	Fire Schemes 2015/16 £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	23.40	22.90	23.40	22.90	21.70	22.70
Women	25.50	26.20	25.50	26.20	24.20	25.90
Longevity at 65 for future pensioners						
Men	25.60	25.20	25.60	25.20	23.80	24.90
Women	27.80	28.60	27.80	28.60	26.50	28.20
Rate of inflation RPI	3.6%	3.4%	3.6%	3.4%	3.6%	3.2%
Rate of inflation CPI	2.7%	2.5%	2.7%	2.5%	2.7%	2.3%
Rate of increase in salaries	4.2%	4.3%			5.1%	4.1%
Rate of increase in pensions	2.7%	2.5%	2.7%	2.5%	2.7%	2.3%
Rate for discounting scheme liabilities	2.8%	3.8%	2.8%	3.8%	2.7%	3.6%
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 2016/17	LG Pension Scheme PV* £000	Fire Schemes PV* £000	* Present Value of Total Obligation
Adjustment to the Discount Rate			
+0.1%	85,942	753,873	
0.0%	87,796	767,603	
-0.1%	89,693	781,608	
Adjustment to Long Term Salary Increase			
+0.1%	88,129	768,951	
0.0%	87,796	767,603	
-0.1%	87,466	766,262	
Adjustment to Pension Increases and Deferred Revaluation			
+0.1%	89,360	780,246	
0.0%	87,796	767,603	
-0.1%	86,268	755,201	
Adjustment to Mortality Age Rating Assumption			
+ 1 year	90,944	798,610	
None	87,796	767,603	
- 1 year	84,761	737,833	

NOTES TO THE CORE FINANCIAL STATEMENTS

32 CONTINGENT LIABILITIES

There are no contingent liabilities identified.

33 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 2017 £000	Historical Experience of Default £000	Historical Experience adjusted for market conditions as at 31 March 2017 £000	Estimated maximum exposure to default and uncollectability £000
Deposits with bank & financial institutions	34,665			
Central government & other local authorities	6,392			
Trade & other debtors	1,829			
Total	42,886	-	-	-

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 2017, the value of debt which exceeded this period was £423K, broken down as follows:

	2016/17 £000	2015/16 £000
Two to Three Months	421	23
Over Three Months	2	1
Total	423	24

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:-

	2016/17 £000	2015/16 £000
Less than one year – including trade and other creditors	5,414	5,381
Between one and two years – PWLB loan repayments	93	93
Between two and five years – PWLB loan repayments	780	780
More than five years – PWLB loan repayments	24,757	24,817
Total	31,044	31,071

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. Items of income and expenditure are recognised on the date of the cash transaction.

Firefighter Pensions Fund	2016/17 £000	2015/16 £000
Contributions receivable from:		
Fire authority:-		
a) contributions in relation to pensionable pay	(4,692)	(4,858)
b) early ill health retirements	(512)	(410)
c) Firefighters contributions	(3,898)	(5,449)
	(9,102)	(10,717)
Transfers In	(4)	(42)
Benefits payable		
e) pensions	15,742	15,664
f) commutations and lump sum benefits	4,318	5,032
g) lump sum death benefits	34	0
h) GAD arrears	-	2,217
i) Contribution Refunds	246	0
Payments to and on account of leavers		
i) transfers out	-	0
Net amount payable for the year	11,234	12,154
Top up grant payable by the government	(11,234)	(12,154)
	-	-
Net Assets Statement		
	2016/17 £000	2015/16 £000
Current assets		
Recoverable overpayments of pensions		
Devon & Somerset Fire Authority - debtor	(3,225)	(3,679)
Current liabilities		
Top up grant payable from HomeOffice - creditor	3,225	3,679
Total	-	-

Note 1 - During the year to 31st March 2017 the sum of £0.246m was paid to members of the 1992 scheme as part of the GAD agreed holiday contribution repayment for those who accrued the maximum pensionable service before the age of 50 years. These calculations were retrospectively applied and as such applied to members still active, deferred and drawing an annual payment from the scheme.

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 2016/17 and do not take into account liabilities to pay pensions or benefits after that period.

Note 4 - £8.005m had been received from Home Office by 31st March 2017, comprising of £7.759m being 80% of notified top up grant available and £0.246m in respect of 1992 holiday contribution refunds (see Note 1). As there was a funding shortfall £3.225m is due from the Home Office in order to balance the total costs to total income within the fund.

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 2016/17. 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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REPORT REFERENCE NO.	APRC/17/12
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	28 JUNE 2017
SUBJECT OF REPORT	2016-17 DRAFT ANNUAL STATEMENT OF ASSURANCE
LEAD OFFICER	ASSISTANT CHIEF FIRE OFFICER – SERVICE IMPROVEMENT
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 2016-17, 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 2016-17 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 2016-17 Draft Annual Statement of Assurance.</p> <p>Accounting Requirements</p> <p>The <i>Accounts and Audit (England) Regulations 2015</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	Nil.
LIST OF BACKGROUND PAPERS	<p>2016-17 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

2016-17 Annual Statement of Assurance

Corporate Governance Group

Devon and Somerset
Fire & Rescue Authority

22/05/2017

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1. Introduction

The 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 2017 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 [DSFIRE website](#) 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 Authority 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

- Service Delivery (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 2016-17 review has 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 2016-17 financial year, the Authority comprised 26 Members¹ appointed by the constituent authorities (Devon County Council, Somerset County Council, Plymouth City Council and Torbay Council). In addition, there is an "independent person" appointed in accordance with the requirements of the Localism Act 2011.
3. For the majority of the 2016-17 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);
 - Capital Programme Working Party (4 Members).

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 2016, because of operation of this formula, the Authority saw an increase in Membership to 26 members. Membership details can be found on the Authority website – www.dsfire.gov.uk

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.

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 2016-17 Internal Audit Plan was approved by the Audit & Performance Review Committee on the 11 April 2016. 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 260 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 2016-17 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 2016-17.
13. The Authority participates in the biennial National Fraud Initiative scheme. We completed the return for the 2016/17 initiative and are currently working through the reply.
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. The Operational Assurance Team is now embedded in the organisational structure and culture. 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 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 Organisation has a dedicated Information Assurance Team which is responsible for the implementation of the Information Security Management System. Team resources have changed and increased; with a new Information Assurance Manager post holder in place and the introduction of a full time Information Technology Security Officer and Information Assurance Officer post. The new team has been in post since November 2016 and is focusing on the review of all its processes, policies and procedures to comply with the HMG Security Policy Framework. A baseline score of the Service's maturity against the Government's Communications-Electronics Security Group (CESG) Information Assurance Maturity Model has been completed. This has identified areas for improvement and a two year strategy is in development to achieve the "established" level in the model. The Service has an Information Security Forum which focuses on embedding an information-risk aware culture, by reinforcing the responsibilities of the Information Asset Owners.
20. Contract Standing Orders (approved by the Authority at its Annual Meeting in May 2015) are, along with the Authority's other constitutional framework documents, 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 for the Service staff. Priorities for 2017/18 include embedding the requirements of the Public Services (Social Value) Act 2012 (public authorities are required to have regard to economic, social and environmental well-being in connection with public services contracts; and for connected purposes) and increasing collaborative procurement arrangements.
21. The Procurement Team manage contracts above £20,000 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. The procurement team is actively engaged in wider collaborative National Procurement initiatives. The Service's Head of Procurement: is the national Commercial Category lead for Fleet (as part of the National Fire Chiefs Council's Strategic Commercial Committee); sits on the Local Government Association National Advisory Group for Procurement (representing Fire and Rescue Service nationally) and; is part of the South West Procurement Board, which involves first tier and district councils from the region.
22. Red One Ltd has been established to allow the Authority 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. Corporate commitments to equality, diversity and inclusion are set out in the Corporate Plan. The four-year equality strategy, Safer Lives, Brighter Futures, came to an end in 2016 and a new strategy will be developed in 2017. This will set out the changes needed to support the new Integrated Risk Management Plan and will address issues relevant to equality, diversity and inclusion in the workplace at each stage of the employee lifecycle, including attraction, recruitment, retention, development and progression. The HRMD committee monitors progress on the equality strategy every six months.
24. The Service has a process in place to ensure that potential equality impacts are identified and mitigated when preparing or reviewing policies. The process is called Equality Risks and Benefits Analysis and it helps us to deliver better services and working practices as well as ensuring compliance with the Public Sector Equality Duty.

25. The Core Values and behavioural framework was developed by employees and sets out what the Service stands for and what matters most to employees and the Organisation. It allows staff and managers at all levels to know what is expected of them and what they can expect in return. The Core Values are:

- Honesty, clarity and accountability
- Respect for each other
- Working together to improve
- A 'can do' attitude

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 stations and departments.

The 2016/17 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 2016-17 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 Manager 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. The approach was altered in 2016-17 to identify potential risk areas for the Devon Audit Partnership to review in detail.

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 2016-17.

The 2016-17 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 High Standard audit report for Budgetary Control and a High Standard for its Payroll activities in 2016-17.

Audit & Review Team has designed a new organisational assurance self-assessment framework and tool that was rolled out across all Service areas in 2016-17.

The results from the self-assessment have been collated into an action plan that has fed into the corporate planning process. Agreed management actions are monitored through the Service's Assurance tracking process alongside the outcomes of External Audits, Internal Audits, EFQM assessments and Peer Reviews. The results from the self-assessment are used to inform the strategic and annual Internal Audit planning process.

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 and Treaty principles.

Data Transparency

The Service complies with the Government's '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).

Efficiency Plan

In order to secure a fixed level of central government grant funding for the 2016-20 financial years, The Service was required to submit an Efficiency Plan. The Efficiency Plan sets out how the Authority plans to improve the service it provides whilst managing with reduced real-terms funding levels. The Efficiency Plan outlines the key projects which will improve our efficiency alongside the underpinning medium term financial plan and our Corporate Plan and is available here: [Efficiency Plan](#)

The Efficiency Plan was submitted to the Home Office in October 2016 and approved by the Fire Minister in December 2016. As a result The Service has secured a four year settlement offer which will offer greater certainty over future funding levels

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 Service, through its [Training] Academy, has enabled the delivery of quality assured training to its staff to improve safety and overall effectiveness, which is underwritten by the ISO quality management framework. Activities are focused through a blended learning approach which is developed through working with key stakeholders.

In addition, the Academy provides training for other fire and rescue services and industry on behalf of the Authority's trading company, Red One Limited. The commercial work is resourced using a mixture of spare Service capacity and utilising people employed on separate contracts. The money generated is re-invested into the Service and contributes towards, amongst other things, improving facilities and equipment. However, the Academy's key priority is, and always will be, the safety of the Service's firefighters.

The dedicated project has been set up to review and amend the way in which training for operational competence is delivered and managed within the Service. The project will identify how training can be developed more efficiently and effectively whilst embedding increased quality of delivery throughout

It will determine how staff gain and maintain skills and knowledge ensuring:-

- The right skills
- At the right time
- Delivered in the right place
- Delivered by the right people

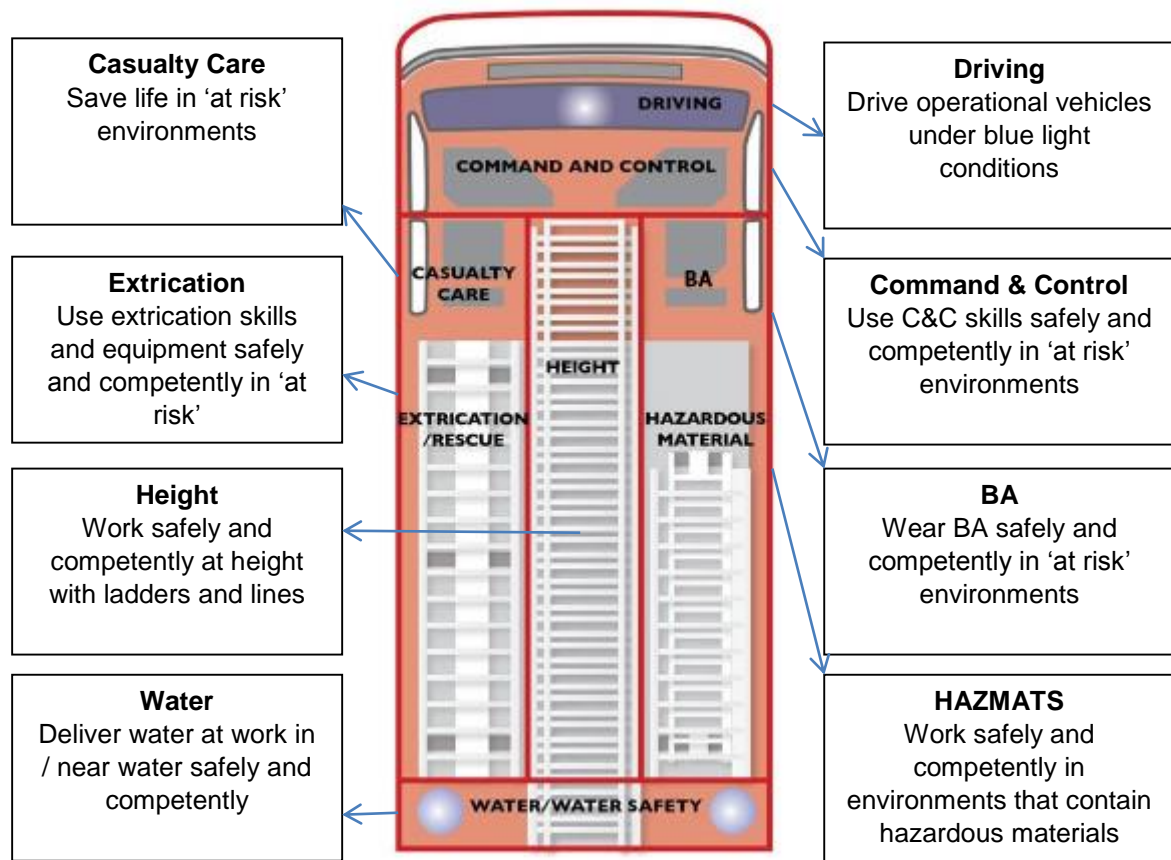
- To the right people

As part of the Academy's present training governance it delivers an annual training planning process designed to capture the organisational requirements for all staff. This supports the Authority's three stated priorities of: public safety; staff safety and; efficiency and effectiveness. All training is designed and delivered to reflect the risks faced within the communities we serve.

Operational Licence

The Fire Professional Framework has been developed by the Chief Fire Officers Association 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 a new training records system, 'Profile', across the Service. 'Profile' keeps a tailored record of an assessed demonstration of the skills and knowledge each person is required to maintain.

Firefighter Fitness

In December 2014 the Department for Communities and Local Government 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 Advisors in post to support Firefighters to attain and maintain the fitness standards required, and to undertake fitness testing. Fitness testing for all operational staff previously took place every three years along with a medical.

The Chief Fire Officers Association (CFOA) has recently worked with the University of Bath to develop and publish fitness standards for all UK Fire and Rescue Services and a new vocational fitness test. The Service has trialled the vocational fitness test whilst CFOA was developing the test and the Service now undertaking an extended 12 month trial across all operational staff from Firefighter through to Watch Manager level. The trial is incorporated into a Firefighter Fitness Project which will improve the fitness culture within the Service.

The project will deliver the following benefits:

- A fitness standard that relates to all operational roles.
- Fitness equipment that enables the Service to accurately measure fitness standards.
- An element of strength and endurance testing within the drill ground test.
- Development of suitable facilities for a range of fitness tests.
- The provision of trained Group Fitness Advocates to conduct drill ground tests, gym inductions and provide local fitness guidance.
- Performance management data on the completion of fitness testing and ratings of staff across the Service.
- A long term agreed strategy on the physical exercise equipment that will be provided at stations to support staff with their fitness requirements, i.e. ergo cycles, treadmills, rowing machines and strength/circuit kit training items.
- Support and guidance to staff on healthy lifestyles and the maintenance of fitness throughout their career which will also have a positive influence in reducing sickness absence and potential injuries.
- A general improvement in the overall fitness and wellbeing culture within the Service.

- Evidence that we are meeting the requirements of the Addendum to the Fire & Rescue National Framework for England.

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 embedded into the organisational structure.

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 in 2016-17, the process for mobilising Officers, including as Operational Assurance Officers was introduced. These 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).

National Learning

In accordance with the Authority's commitment to Public and Staff Safety, the Operational Assurance Team ensures that the learning outcomes from tragic national events are fed back into the Service. The learning comes from other Fire & Rescue Services directly affected, The Coroners Regulations 28/29 reports (formerly known as 'Rule 43' reports) and recommendations to all Fire & Rescue Services by the Health and Safety Executive.

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 this year's submission to the RoSPA (Royal Society for the Prevention of Accidents) 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 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 18001. A subsequent RoSPA internal assessment completed in 2014 indicated that the Service had maintained its high level of performance.

Collaborative and Partnership Working

In December 2012 Sir Ken Knight was commissioned by the Government 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. In June 2016 Sir Ken Knight was invited to revisit the Service to externally review its progress against his recommendations. Sir Ken was highly complementary at the time of the visit and confirmed this through a press release.

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".

In 2016 the Chief Fire Officer, Lee Howell, arranged the first meeting of the 'South West Emergency Services Collaboration' (SWESC) programme. SWESC involves eleven different emergency services in the South West with a focus on developing new and improved ways of working with a focus on better outcomes for communities, where public safety will be improved and efficiencies may be realised. The programme structure is based on '*Managing successful programmes*' methodology published by the cabinet office and consists of a Sponsoring group, Programme board and Working groups.

The vision of the SWESC is '*Working together to meet local needs*'. There are currently eight current programme categories, including; demand management, community risk, community resilience, strategic planning, enabling services, culture & leadership, early intervention and community engagement. There are currently four Regional Collaboration Agreements being piloted with a number of others being developed.

As well as the SWESC there are a number of local arrangements in place. 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. The improvement of community safety is a major priority and the Service also contributes to wider community objectives identified in Local Area Agreements where appropriate.

The Authority 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 Chief Fire Officers Association national procurement hub, with the 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 reported a trading surplus of £471,000 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 three fire services (Hampshire, Devon & Somerset and Dorset & Wiltshire) that delivered a new, networked fire control solution in April 2016. An Information Assurance Partnership Group meets regularly to review current and emerging risks to the information the system holds. A risk remediation plan is in place to ensure security risks are managed effectively. This supports the Authority's compliance with the Airwave Code of Connection.

Co-Responding

The Authority has a formal partnership agreement in place with the South Western Ambulance Service Foundation Trust 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.

In addition the Service has created a specialist team of 40 volunteers to respond to Marauding Terrorist Firearms Attacks (MTFA).

The MTFA capability has been established within The Authority to support our partner agencies, of Police and Ambulance, in response to an MTFA incident within The Authority area or, under National Mutual Aid, to any other location within the UK as requested. The overall aim is to save life, and the two main strands of FRS support during this type of incident are for casualty care, and fire hazards.

The capability is made up of two key groups;

1. National Interagency Liaison Officers (known as NILOs)
2. Warm Zone Operatives

Both of the above groups undergo the same training, but fulfil specific functions within a response.

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 common, networked 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 charity SAFE South West continues to operate successfully as a Charitable Incorporated Organisation, working closely with Devon & Somerset Fire & Rescue Service, local communities and other emergency services. SAFE South West develops new and innovative community safety initiatives across communities in Devon and Somerset, raises funding and provides grants, support and guidance to organisations and projects. Further information on SAFE South West can be found on the Charity's website – www.safesouthwest.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

A new set of balanced measures have been developed to provide a comprehensive view of the performance of the Service. The new measures are designed to support the outcomes described in the Corporate Plan and focus on Service improvement. Reporting of the new measures will commence during 2017 and run alongside the existing performance reports to ensure continuity before the old measures are removed.

To support the delivery of an excellent service, a set of eight measures has 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 the European Foundation for Quality Management (EFQM) Excellence Model (the Excellence Model), which is a comprehensive management framework, to help benchmark performance across other organisations. The Excellence Model helps the Service to recognise strengths and identify areas for improvement that are then fed into the Change & Improvement Programme. The Service successfully achieved the EFQM Committed to Excellence Award in November 2016. The assessment was carried out by two experienced assessors from the British Quality Foundation who awarded the highest award for this level of assessment.

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 and the Home Secretary announced the intention for Fire Reform. The Service will need to ensure that it supports and meets the requirements coming from the reform. As part of this, a new inspection regime has been proposed and the Service is preparing to meet the new requirements.

- 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 Act 2017 features a new statutory duty on the emergency services to collaborate. It also provides for Police and Crime Commissioners to assume responsibility for fire and rescue services (subject to approval of an appropriate business case). Alternatively, Police and Crime Commissioners may request a seat on fire and rescue authorities (with voting rights) where governance has not transferred. Consultation is anticipated on secondary legislation to revise the Scheme Orders for combined authorities such as the Devon & Somerset Fire & Rescue Authority that will also be required to facilitate this aspect.
- The collaborative landscape is complex. As previously mentioned, the Service plays a key part in, and was instrumental in the establishment of, the South West Emergency Services Collaboration (SWESC). This is overseen by the Emergency Services Forum which brings together the leading politicians and chief officers for all the emergency services in the South West.
- The Public Services (Social Value) Act 2012 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 Authority is currently preparing to publish a Social Value in Procurement Policy which will be consulted upon.
- In view of changing operational threats, the Service will be developing enhanced capability to assist reduce consequences of violent and unpredictable individual events, working with partners.
- The Department for Communities and Local Government has issued consultation proposals in May 2016 to update the Local Government Transparency Code 2015. It is currently analysing the feedback and any subsequent changes will need to be adopted by the Authority.
- Following on from the referendum result for the UK to leave the EU, announced on the 24th of June 2016, there is a risk of a period of economic uncertainty, which brings the potential for further periods of austerity, possibly combined with poor economic performance for the UK as a whole. Given that central government has offered a four year settlement covering 2016-17 through 2019-20 the risk to grant income is currently considered low, although if inflation increases greater efficiencies will be required. The most significant impact is likely to be on investment values and yields following the decision by the Bank of England to reduce interest rates to a record low of 0.25%, resulting in a reduction to investment income in 2016-17 and potentially beyond.
- From May 2018, The General Data Protection Regulation (GDPR) will affect every UK organisation that processes personal data of EU residents. The regulation is more extensive in scope than the current Data Protection Act (DPA), and extends the rights of individuals and requires organisations to have clear policies and procedures to protect personal data by adopting technical and organisational measures.

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 set of performance measures have been designed and agreed in preparation for the introduction of a new performance management system. A project reviewing the performance reporting and planning cycle of the Service has been initiated which will support the requirements of the new system which is likely to be procured in 2017/18.
- c. Policy Management – Work is currently being scoped to improve our Policy Management arrangements.
- d. On Call Additional Hours / Payments – The Service is currently running a number of pilot schemes to analyse the best mechanisms of rewarding on call availability whilst encouraging a better work/life balance for staff. These pilots are due to report in Q2 of 2017/18 and the outcomes will be used to support the Integrated Risk Management Plan of the Service in determining how on call resources are matched to the identified risks faced by the communities of Devon and Somerset.
- e. Advocates – A new community safety strategy has been developed to ensure that organisational priorities are being met and that the community safety strategy is appropriately focussed, resilient and sustainable. The widespread use of casual contracts for delivery staff, whilst providing some benefits has also brought challenges, inconsistency and risks to delivery. The delivery of an ambitious and effective community safety strategy will require investment; we will look to offer a range of contract types that are less reliant on casual staff and with improved training. Where advocate contracts are still the most appropriate form of contract, we will be developing better management process for using advocates and new training packages to ensure our advocates have the required skills.
- 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.
- g. Closure of Accounts – The Accounting and Audit Regulations 2015 introduced the requirement for the Authority to publish its financial statements by the end of July each year from the financial year 2017-18 (from September). The reduced timescales mean that there is an increased risk of material misstatement to the accounts. The finance team is preparing for this change via new ways of working and will be working closely alongside the External Auditors to provide assurance.

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

To be confirmed

**CHAIRMAN, AUDIT AND PERFORMANCE
REVIEW COMMITTEE**

APPENDIX A TO REPORT APRC/17/12 – ACTION PLAN

Identified Issue	Action Needed	Direction of Travel since 2014-15	Lead Officer	Target 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	March 2018
Performance Management	The performance management framework that is currently under development needs to be finalised and rolled out.		Area Manager Strategy and Business Change	September 2017
Policy Management	A policy management process needs to be developed and embedded.		Area Manager Organisational Assurance	September 2017
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	September 2017
Advocates	The Advocate initiative needs to be included in the scope of the 'root and branch' community safety review.		Area Manager Community Safety	December 2017
Collaboration	An appropriate level of governance needs to be applied to Collaborative working initiatives.	New	Executive Board	December 2016
Closure of Accounts	Publication of financial statements by end of July 2017-18	New	Head of Finance	July 2018
Shortened Timescale for Production of the Annual	The timetable for production and publication of financial statements will need to be revised to	New	Head of Finance	July 2018

Identified Issue	Action Needed	Direction of Travel since 2014-15	Lead Officer	Target Date
Statement of Accounts	accord with the requirements of the Account and Audit Regulations 2015			
General Data Protection Regulations				

REPORT REFERENCE NO.	APRC/17/13
MEETING	AUDIT & PERFORMANCE REVIEW COMMITTEE
DATE OF MEETING	28 JUNE 2017
SUBJECT OF REPORT	PUBLICATION OF THE FINANCIAL STATEMENTS 2017-18
LEAD OFFICER	Treasurer to the Authority
RECOMMENDATIONS	<p>(a) <i>That the draft accounts for 2017-18 onwards are signed off for publication to the Authority website by the Treasurer to the Authority without any prior consideration by the Audit & Performance Review Committee; and</i></p> <p>(b) <i>That the draft Annual Statement of Assurance will continue to be considered and monitored ahead of publication by the Audit & Performance Review Committee.</i></p>
EXECUTIVE SUMMARY	This report provides the Committee with updated timescales for the closure of the accounts and subsequent publication of the draft and final financial statements per the Accounts and Audit Regulations 2015.
RESOURCE IMPLICATIONS	As indicated in the report.
EQUALITY IMPACT ASSESSMENT	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	A – Extract from The Accounts and Audit Regulations 2015
LIST OF BACKGROUND PAPERS	None.

1. INTRODUCTION AND BACKGROUND

- 1.1 The Accounts and Audit Regulations 2015 ("The Regulations"), which apply to the Authority, introduced a new timetable for preparation, audit and publication of both the draft and final Financial Statements. The Financial Statements comprise the Statement of Accounts, including the Narrative Statement, and the Annual Governance Statement. Whilst the Regulations came in to force in 2015 the revisions to the timescales for publication apply from the 2017-18 financial year onwards and therefore to the Accounts for the year ending 31 March 2018.
- 1.2 The Regulations require the final financial statements to be signed off by the Authority and this is delegated to the Audit & Performance Review Committee. The 2015 Regulations also introduced a requirement that the draft Financial Statements be available for inspection on the Authority website and this practice commenced for the 2015-16 financial year. It has always been a requirement that the draft Financial Statements be available for public inspection but as 2015-16 was the first time that the draft be made available in electronic rather than hard copy format, the drafts were taken to the June 2016 Audit & Performance Review Committee for consideration prior to publication.
- 1.3 The Regulations state that the Responsible Financial Officer of the Authority – The Treasurer for this Authority - sign and date the statement of accounts, and confirm that they are satisfied that it presents a true and fair view of the financial position of the Authority at the end of the financial year to which it relates.

2. REVISED TIMETABLE FOR CLOSURE OF THE ACCOUNTS

- 2.1 The 2015 Regulations state that the financial statements must be prepared and published to compressed timescales and these are outlined in Table 1 below:

Table 1 – Revised deadlines for publication of the financial statements under the Accounts and Audit Regulations 2015

Requirement	Current Deadline	Revised Deadline
Draft Financial Statements signed off by Treasurer	End of June following the year end 31 st March	End of May following the year end 31 st March
Publication of draft financial Statements on the website	End of June following the year end 31 st March	End of May following the year end 31 st March
Audit of the draft financial statements and publication of the Auditors report	End of September following the year end 31 st March	End of July following the year end 31 st March
Sign off by APRC	End of September following the year end 31 st March	End of July following the year end 31 st March
Publication of the Final Financial Statements and Audit report on the website	End of September following the year end 31 st March	End of July following the year end 31 st March

- 2.2 The revised deadlines mean that the important work of preparing the draft Financial Statements must be completed a month earlier, by end of May each financial year, placing an increased burden on budget holders and the Service Finance Team to become more efficient and effective whilst maintaining a high level of accuracy. In preparation for the shortened timescales a trial run of the new timetable was made for the 2016-17 Financial Statements and these were prepared in good time by the end of May 2017.
- 2.3 Were the draft Financial Statements to be considered prior to publication by the Audit & Performance Review Committee in future years, the timetable would be further compressed to allow for preparation and publication of committee papers. In effect the amount of time available to prepare the statements would be reduced from three months to six weeks.
- 2.4 Due to existing committee cycles this would also require an additional meeting of the Audit & Performance Review Committee solely to consider the draft financial statements for publication in May of each year. The final statements would also need to be considered prior to publication at a meeting in July of each year. The sign off of both the draft and final Financial Statements would place additional burden on both Members and the officers of the Authority for a practice which is not required under the Regulations.
- 2.5 Historically there have not been significant changes made to the Financial Statements between publication of the draft and final versions and following scrutiny by external auditors. In previous years the Treasurer, as Responsible Officer and signatory to the Annual Statement of Accounts, has scrutinised the Statements prior to publication of the draft and release to the External Auditors. The assurance and inspection by the Treasurer will continue to be carried out each year per current practice and as required under the Regulations.
- 2.6 Given that the Annual Governance Statement is prepared independently of the Annual Statement of Accounts it will still be possible to bring a draft copy of the document to the April meeting of the Audit & Performance Review Committee with the final version being considered at the July meeting alongside the Accounts and External Auditors Report.

KEVIN WOODWARD
Treasurer to the Authority

EXTRACT FROM THE ACCOUNTS AND AUDIT REGULATIONS 2015

The Statutory Instrument can be found in full here

http://www.legislation.gov.uk/ukxi/2015/234/pdfs/ukxi_20150234_en.pdf

Signing and approval of statement of accounts for Category 1 authorities

9.—(1) The responsible financial officer for a Category 1 authority must, on behalf of that authority, in the following order—

(a) sign and date the statement of accounts, and confirm that they are satisfied that it presents a true and fair view of—

(i) the financial position of the authority at the end of the financial year to which it relates; and

(ii) that authority's income and expenditure for that financial year;

(b) commence the period for the exercise of public rights in accordance with regulations 14 and 15; and

(c) notify the local auditor of the date on which that period was so commenced.

(2) Subject to paragraph (3), a Category 1 authority must, following the conclusion of the period for the exercise of public rights in regulation 14, in the following order—

(a) consider, either by way of a committee or by the members meeting as a whole, the statement of accounts;

(b) approve the statement of accounts by a resolution of that committee or meeting;

(c) ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which that approval is given.

(3) The responsible financial officer for a Category 1 authority must re-confirm on behalf of that authority that they are satisfied that the statement of accounts presents a true and fair view of—

(a) 2003 c. 26.

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(a) the financial position of the authority at the end of the financial year to which it relates; and

(b) that authority's income and expenditure for that financial year, before that authority approves it.

Publication of statement of accounts, annual governance statement and narrative statement for Category 1 authorities

10.—(1) A Category 1 authority must, after approving the statement of accounts in accordance with regulation 9(2) but not later than 31st July of the financial year immediately following the end of the financial year to which the statement relates, publish (which must include publication on the authority's website)—

(a) the statement of accounts together with any certificate or opinion, entered by the local auditor in accordance with section 20(2) of the Act;

(b) the annual governance statement approved in accordance with regulation 6(2); and

(c) the narrative statement prepared in accordance with regulation 8.