



# DEVON & SOMERSET FIRE & RESCUE AUTHORITY

M. Pearson  
CLERK TO THE AUTHORITY

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

(see below)

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

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

Date : 4 September 2017  
Please ask for : Sam Sharman  
Email : ssharman@dsfire.gov.uk

Telephone : 01392 872200  
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Direct Telephone : 01392 872393

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

**Tuesday 12 September 2017**

A meeting of the Audit & Performance Review Committee will be held on the above date, **commencing at 2.00 pm 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 Apologies**

**2 Minutes (Pages 1 - 4)**

of the previous meeting held on 28 June 2017 attached.

**3 Items Requiring Urgent Attention**

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

**PART 1 - OPEN COMMITTEE**

**4 Appointment of External Auditors (Pages 5 - 10)**

Report of the Treasurer (APRC/17/14) attached.

- 5 Devon & Somerset Fire & Rescue Authority's Financial Statements 2016-17:**
- a** Audit Findings for the Devon & Somerset Fire & Rescue Authority 2016-17 (Pages 11 - 50)  
Enclosed with this agenda is a document prepared by Grant Thornton, the Authority's External Auditor. This document sets out the external audit findings and opinion on the Authority's financial statements for the year ended 31 March 2017.
- b** Statement of Accounts 2016-17 (Pages 51 - 104)  
The Committee at its meeting on 28 June 2017 considered the Authority's draft Statement of Accounts for 2016 -17 (Minute APRC/5 refers). The final Statement of Accounts is now submitted to the Committee for approval.
- c** 2016-17 Draft Letter of Representation (Pages 105 - 110)  
Accompanying the External Audit Findings and the final Statement of Accounts is the Draft Letter of Representation which is also enclosed for approval.
- 6 2016-17 Annual Statement of Assurance (Pages 111 - 138)**  
Report of the Area Manager – Organisational Assurance (APRC/17/15) attached.
- 7 Audit & Review 2017-18 Progress Report (Pages 139 - 144)**  
Report of the Area Manager - Organisational Assurance (APRC/17/16) attached.
- 8 Corporate Risk Register (Pages 145 - 148)**  
Report of the Area Manager – Organisational Assurance – (APRC/17/17) attached.
- 9 Authority Policy for Regulation of Investigatory Powers Act 2000 (RIPA) (Pages 149 - 178)**  
Report of the Director of Corporate Services (APRC/17/18) attached.
- 10 Devon & Somerset Fire & Rescue Service Performance Report: July 2016 to June 2017 (Pages 179 - 212)**  
Report of the Chief Fire Officer (APRC/17/19) attached.

**MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER**

Membership:-

Councillors Wheeler (Chair), Burrige-Clayton (Vice-Chair), Healey MBE, Saywell and Trail BEM (2 vacancies)

**NOTES**

1.	<p><b><u>Access to Information</u></b></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><b><u>Reporting of Meetings</u></b></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><b><u>Declarations of Interests (Authority Members only)</u></b></p>
	<p><b>(a). <u>Disclosable Pecuniary Interests</u></b></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"><li>(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;</li><li>(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</li><li>(iii). not seek to influence improperly any decision on the matter in which you have such an interest.</li></ul> <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>(b). <u>Other (Personal) Interests</u></b></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><b><u>Part 2 Reports</u></b></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><b><u>Substitute Members (Committee Meetings only)</u></b></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)

28 June 2017

### Present:-

Councillors Burridge-Clayton (Vice-Chair), Healey, Hunt, Saywell, Trail, Wallace and Wheeler (Chairman)

\* **APRC/1**

### **Election of Chair**

**RESOLVED** that Councillor Wheeler be elected Chair of the Committee until the Annual General Meeting of the Authority in June 2018.

\* **APRC/2**

### **Minutes**

**RESOLVED** that the Minutes of meeting held on 24 April 2017 be signed as a correct record subject to an amendment under Minute \*APRC/27 to change £33820k to £33820 in the final sentence of the first paragraph.

\* **APRC/3**

### **Election of Vice Chair**

**RESOLVED** that Councillor Burridge-Clayton be elected Vice Chair of the Committee until the Annual General Meeting of the Authority in June 2018.

\* **APRC/4**

### **Grant Thornton updates**

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 up to the beginning of June 2017. The report also covered:

- some technical issues related to closure of the 2016/17 accounts and the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18;
- sector issues and developments, including information on protecting information across government and planning for 100% local retention of business rates;
- reports issued, including "The Board: creating and protecting value" and
- various publications. :

\* **APRC/5**

### **Draft Statement of Accounts 2016-2017**

The Committee considered a report of the Treasurer (APRC/17/11) to which was appended, in the format required by the International Financial Reporting Standards (IFRS), the Authority's Statement of Accounts for 2016-17.

The Treasurer drew particular attention as part of a presentation at the meeting to the following four key statements within the accounts, each of which was expanded on in the report, namely:

- the Comprehensive Income and Expenditure Statement (CIES);
- the Movement in Reserves Statement (MIRS);
- the Balance Sheet; and
- the Cash Flow Statement.

The Accounts and Audit Regulations 2011 had previously required the draft Statement of Accounts to be prepared and certified by the Chief Finance Officer as a true and fair record by 30 June each year; and formally be approved by the Authority, following audit, by 30 September each year. The Treasurer drew attention to the point that the Accounts and Audit Regulations 2015 now require the draft Statement of Accounts for 2016-17 to be published alongside the draft Annual Statement of Assurance by 30 June 2017. Furthermore and looking ahead, the new Regulations require the draft Statement of Accounts for 2017-18 to be published by 31 May 2018 and the audited accounts by 31 July 2018. He indicated that he was confident that this earlier deadline for preparation of the accounts would be achieved.

The 2016-17 accounts were presented to the Committee at this stage as a matter of good practice and would be submitted for formal approval, following audit, at the meeting scheduled for 12 September 2017.

The Chairman expressed thanks on behalf of the Committee for the significant amount of work undertaken by the Finance Team in the preparation of the draft accounts.

**RESOLVED** that the Committee notes the draft 2016 -2017 Statement of Accounts.

\* **APRC/6** **Draft Statement of Assurance 2016-17**

The Committee considered a report of the Assistant Chief Fire Officer – Service Improvement (APRC/17/12) to which was appended the draft 2016-17 Annual Statement of Assurance. The document had been prepared to satisfy the requirements of the Accounts and Audit (England) Regulations 2015 and the current iteration of the Fire and Rescue National Framework for England. It set out the measures taken by this Authority to ensure appropriate business practice, high standards of conduct and sound governance and was both backward and forwards looking, identifying issues from the 2016-17 financial year that needed to be addressed.

The document also reflected guidance issued by the Chartered Institute of Public Finance Accountancy (CIPFA) and the Society for Local Authority Chief Executives (SOLACE) on effective corporate governance.

Reference was made to the Corporate Governance Group which met to review the corporate governance arrangements on behalf of the Authority and which contributed to the production of the Annual Statement of Assurance.

The Area Manager (Organisational Assurance) drew attention to the Action Plan which was appended to the Statement of Assurance and advised the Committee that the target implementation dates would be finalised and incorporated within the document prior to the final version being submitted for approval by the Committee in September 2017.

**RESOLVED**

- (a) that the Authority's 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 report (APRC/17/12), be approved in principle;
- (b) 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 2017 meeting seeking approval to the final Statement, subject to incorporation of any issues identified during the audit process.

\*

**APRC/7**

**Publication of the Financial Statements 2017-18**

The Committee considered a report of the Treasurer to the Authority (APRC/17/13) that provided the Committee with updated timescales for the closure of the accounts and subsequent publication of the final financial statements as per the Accounts and Audit Regulations 2015.

**RESOLVED**

- (a) That the draft accounts for 2017-18 onwards be 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
- (b) That the draft Annual Statement of Assurance will continue to be considered and monitored ahead of publication by the Audit & Performance Review Committee.

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

The meeting started at 10.00 am and finished at 11.07 am

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# Agenda Item 4

<b>REPORT REFERENCE NO.</b>	<b>APRC/17/14</b>
<b>MEETING</b>	<b>AUDIT AND PERFORMANCE REVIEW COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>12 SEPTEMBER 2017</b>
<b>SUBJECT OF REPORT</b>	<b>APPOINTMENT OF EXTERNAL AUDITORS</b>
<b>LEAD OFFICER</b>	<b>Treasurer to the Authority</b>
<b>RECOMMENDATIONS</b>	<i>That the Committee endorses the proposed appointment of Grant Thornton (UK) LPP as the Authority's external auditors for the five year period commencing on 1 April 2018.</i>
<b>EXECUTIVE SUMMARY</b>	<p>The current contract relating to the external audit work provided by Grant Thornton covers up to and including the completion of the 2017-18 audit.</p> <p>The appointment to cover the next contract period is subject to new regulations which require a local authority body to move to the local appointment of auditors.</p> <p>At the meeting of the Fire and Rescue Authority on 19 December 2016, it was agreed (Minute DSFRA/39 refers) that, rather than put in place its own procurement process, the Authority utilise the national scheme for appointing auditors to be operated by Public Sector Audit Appointments (PSAA). It was considered that this approach would maximise the opportunities for the most economic and efficient approach to procurement of external audit on behalf of the whole sector.</p> <p>The Authority has now been notified by Public Sector Audit Appointments that, following completion of the auditor appointing process, it is proposed that Grant Thornton be re-appointed to audit the Authority accounts for the five year period from April 2018.</p> <p>This proposed appointment is subject to a consultation period until 22 September 2017 during which time an audited body can make representations to Public Sector Audit Appointments on the proposed appointment. It is recommended that the Committee endorse the recommendation of the Treasurer that the Authority accepts the proposed appointment.</p>
<b>RESOURCE IMPLICATIONS</b>	As indicated in the report.
<b>EQUALITY IMPACT ASSESSMENT</b>	An initial assessment has revealed that there are no equality issues arising from this report.
<b>APPENDICES</b>	A – Public Sector Audit Appointments notification dated 15 August 2017 of proposed auditor appointment.
<b>LIST OF BACKGROUND PAPERS</b>	Changes to Arrangements for the Appointment of External Auditors – report reference DSFRA/16/25 as reported to the meeting of DSFRA held on the 19 December 2016.

## 1. **INTRODUCTION**

1.1 The current contract relating to the appointment of the Authority external auditors, Grant Thornton, covers up to and including the completion of the 2017-18 audit. Grant Thornton is currently working under a contract originally let by the Audit Commission with the contract being novated to Public Sector Audit Appointments (PSAA) following the closure of the Audit Commission.

1.2 When the current transitional arrangements come to an end on 31 March 2018 new regulations require the Authority to move to the local appointment of the auditor. At the meeting of the Fire and Rescue Authority on 19 December 2016 it was agreed (Minute DSFRA/39 refers) that the Authority utilise the national scheme for appointing auditors to be operated by Public Sector Audit Appointments maximising the opportunities for the most economic and efficient approach to procurement of external audit on behalf of the whole sector.

1.3 Following completion of the national procurement process during the summer, the Authority has now received a formal communication (attached as Appendix A) that it is proposed that Grant Thornton (UK) LPP be appointed to audit the accounts of Devon and Somerset Fire and Rescue Authority for the five year period commencing on 1 April 2018.

## 2. **APPOINTMENT CONSULTATION PROCESS**

2.1 The proposed appointment is subject to a consultation period until 22 September 2017, during which time an audited body can make representations to the PSAA on the appointment including any objection to the appointment and the reasons for that objection.

2.2 It is the view of the Treasurer and Head of Finance that this is a good appointment for the Authority given that the Authority has been satisfied with the quality of service received during the last five years and pleased with the good working relationships which has been built up during that time. Their re-appointment will enable a continuity of those relationships.

## 3. **FINANCIAL IMPACT**

3.1 Current audit fees are £33,820 per annum. As is indicated in Appendix A, the results of the procurement process anticipates a reduction in scale fees for the region of approximately 18 per cent over 2016-17 fees. It is not clear whether this reduction is net of the costs of the procurement process which is to be funded from the savings. The PSAA will consult on scale fees for 2018-19 in due course and will publish confirmed scale fees for 2018/19 for opted-in bodies on their website in March 2018.

## 4. **RECOMMENDATION**

4.1 The Committee is asked to endorse the recommendation of the Treasurer that he responds to the Public Sector Audit Appointments to confirm acceptance of the proposed appointment of Grant Thornton (UK) LPP as the external auditor for Devon and Somerset FRA for the five years commencing 1 April 2018.

**KEVIN WOODWARD**  
Treasurer

**NOTIFICATION FROM PUBLIC SECTOR AUDIT APPOINTMENTS**

**From:** [auditorappointments@psaa.co.uk](mailto:auditorappointments@psaa.co.uk) [mailto:[auditorappointments@psaa.co.uk](mailto:auditorappointments@psaa.co.uk)]

**Sent:** 15 August 2017 07:57

**To:** Lee Howell <[lhowell@dsfire.gov.uk](mailto:lhowell@dsfire.gov.uk)>; Kevin Woodward <[kwoodward@dsfire.gov.uk](mailto:kwoodward@dsfire.gov.uk)>

**Cc:** [auditorappointments@psaa.co.uk](mailto:auditorappointments@psaa.co.uk)

**Subject:** Devon and Somerset Fire and Rescue Authority - consultation on auditor appointment from 2018/19

**Importance:** High

**This is a formal communication to the chief executive and chief finance officer of Devon and Somerset Fire and Rescue Authority to consult on the auditor appointment from 2018/19**

I am writing to consult you on the appointment of Grant Thornton (UK) LLP to audit the accounts of Devon and Somerset Fire and Rescue Authority for five years from 2018/19. The appointment will start on 1 April 2018.

**Background**

For audits of the accounts from 2018/19, PSAA is responsible for appointing an auditor to principal local government and police bodies that have chosen to opt into its national auditor appointment arrangements. More information on the [appointing person scheme](#) is available on our website.

**About the proposed appointment**

PSAA must, under regulation 13 of the Regulations, appoint an external auditor to each opted-in authority and consult the authority about the proposed appointment.

Devon and Somerset Fire and Rescue Authority has opted into PSAA's auditor appointment arrangements. We have sent regular email communications to audited bodies about this process, and wrote to you on 19 June 2017 to advise you that we had completed a procurement to let audit contracts from 2018/19. Grant Thornton (UK) LLP was successful in winning a contract in the procurement, and we propose appointing this firm as the auditor of Devon and Somerset Fire and Rescue Authority.

Grant Thornton UK comprises around 4,500 employees delivering services to 40,000 clients. The public sector has played a significant role within the firm for over 30 years. The UK Public Sector Assurance team employs 301 people, including 29 Key Audit Partners, based in designated 'centres of excellence', providing it with locally based public sector specialists across the country. The team is solely dedicated to public audit work in local government and the NHS, with contracts with PSAA, Audit Scotland and the Wales Audit Office. The Public Sector Assurance team is a regular commentator on issues facing the sector and oversees the firm's development of appropriate thought leadership and support, such as its series of publications and workshops on income generation in local authorities. In addition, the team can draw on the commercial skills and experience of a wider assurance team of over 1,516 individuals, to reflect the changing assurance needs of local authorities and NHS bodies.

In developing this appointment proposal, we have applied the following principles, balancing competing demands as much as we can, based on the information provided to us by audited bodies and audit firms:

- ensuring auditor independence, as we are required to do by the Regulations;
- meeting our commitments to the firms under the audit contracts;
- accommodating joint/shared working arrangements where these are relevant to the auditor's responsibilities;
- ensuring a balanced mix of authority types for each firm;
- taking account of each firm's principal locations; and
- providing continuity of audit firm if possible, but avoiding long appointments.

Further information on the [auditor appointment process](#) is available on our website.

### **Responding to this consultation**

We are consulting you on the proposed appointment of Grant Thornton (UK) LLP to audit the accounts of Devon and Somerset Fire and Rescue Authority for five years from 2018/19. The consultation will close at **5pm on Friday 22 September 2017**.

If you are satisfied with the proposed appointment, please confirm this by email to [auditorappointments@psaa.co.uk](mailto:auditorappointments@psaa.co.uk). No further action is needed from you.

The PSAA Board will consider all proposed auditor appointments at its meeting scheduled for 14 December 2017. We will write by email to all opted-in bodies after this Board meeting to confirm auditor appointments.

### **Process for objecting to the proposed auditor appointment**

If you wish to make representations to PSAA about the proposed auditor appointment, please send them by email to [auditorappointments@psaa.co.uk](mailto:auditorappointments@psaa.co.uk) to arrive by **5pm on Friday 22 September 2017**.

Representations can include matters that you believe might be an impediment to the proposed firm's independence, were it to be your appointed auditor. Your email should set out the reasons why you think the proposed appointment should not be made. The following may represent acceptable reasons:

1. there is an independence issue in relation to the firm proposed as the auditor, which had not previously been notified to PSAA;
2. there are formal and joint working arrangements relevant to the auditor's responsibilities, which had not previously been notified to PSAA; or
3. there is another valid reason, for example you can demonstrate a history of inadequate service from the proposed firm.

We will consider carefully all representations and will respond by Monday 16 October 2017 by email.

If your representations are accepted, we will consult you on an alternative auditor appointment between 16-27 October 2017. If your representations are not accepted, we will confirm this to you. You may choose to make further representations to the PSAA Board, providing any additional information to support your case.

We will write to all bodies to confirm the Board's final decision on the appointment of the auditor before 21 December 2017.

**Scale fees for 2018/19**

We will consult on scale fees for 2018/19 in due course and will publish confirmed scale fees for 2018/19 for opted-in bodies on our website in March 2018. The results of the audit procurement indicate that a reduction in scale fees in the region of approximately 18 per cent should be possible for 2018/19, based on the individual scale fees applicable for 2016/17. Further [information on the audit procurement](#) is available on our website.

**Further information**

If you have any questions about your proposed auditor appointment or the consultation process, please email us at [auditorappointments@psaa.co.uk](mailto:auditorappointments@psaa.co.uk).

Yours sincerely

Jon Hayes  
Chief Officer

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# The Audit Findings for Devon and Somerset Fire and Rescue Authority

Year ended 31 March 2017

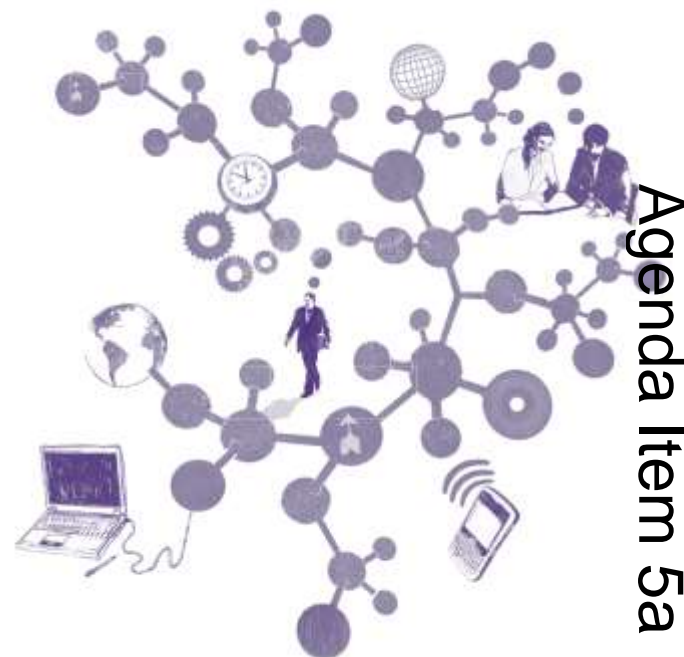
30 August 2017

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Agenda Item 5a

Devon and Somerset Fire and Rescue Authority  
Service Headquarters  
The Knowle  
Clyst St George  
Exeter  
EX3 0NW

30 August 2017

Dear Members of the Audit and Performance Review Committee

**Audit Findings for Devon and Somerset Fire and Rescue Authority for the year ending 31 March 2017**

This Audit Findings report highlights the key findings arising from the audit that are significant to the responsibility of those charged with governance (in the case of Devon and Somerset Fire and Rescue Authority, the Audit and Performance Review Committee), to oversee the financial reporting process, as required by International Standard on Auditing (UK & Ireland) 260, the Local Audit and Accountability Act 2014 and the National Audit Office Code of Audit Practice. Its contents have been discussed with officers

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland) ('ISA (UK&I)'), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements and giving a value for money conclusion. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose misappropriations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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.

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Yours sincerely

Peter Barber  
Engagement lead

**Chartered Accountants**

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# Section 1: Executive summary

01. Executive summary

02. Audit findings

03. Value for Money

04. Other statutory powers and duties

05. Fees, non audit services and independence

06. Communication of audit matters

## Purpose of this report

This report highlights the key issues affecting the results of Devon and Somerset Fire Authority ('the Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2017. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of ISA (UK&I) 260, and the Local Audit and Accountability Act 2014 ('the Act').

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Authority's financial statements give a true and fair view of the financial position of the Authority and its income and expenditure for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. .

We are also required to consider other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report, whether it is consistent with the financial statements, apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Authority acquired in the course of performing our audit; or otherwise misleading.

We are required to carry out sufficient work to satisfy ourselves on whether the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion'). Auditor Guidance Note 7 (AGN07) clarifies our reporting requirements in the Code and the Act. We are required to provide a conclusion whether in all significant respects, the Authority has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year.

The Act also details the following additional powers and duties for local government auditors, which we are required to report to you if applied:

- a public interest report if we identify any matter that comes to our attention in the course of the audit that in our opinion should be considered by the Authority or brought to the public's attention (section 24 of the Act);
- written recommendations which should be considered by the Authority and responded to publicly (section 24 of the Act);
- application to the court for a declaration that an item of account is contrary to law (section 28 of the Act);
- issue of an advisory notice (section 29 of the Act); and
- application for judicial review (section 31 of the Act).

We are also required to give electors the opportunity to raise questions about the accounts and consider and decide upon objections received in relation to the accounts under sections 26 and 27 of the Act.

## Introduction

In the conduct of our audit we have not had to alter or change our audit approach, which we communicated to you in our Audit Plan dated April 2017.

Our audit is substantially complete although we are finalising our procedures in the following areas:

- review of the final version of the financial statements
- obtaining and reviewing the management letter of representation
- review of revised versions of the Annual Statement of Assurance
- updating our post balance sheet events review, to the date of signing the opinion; and
- Whole of Government Accounts

We received draft financial statements and accompanying working papers at the commencement of our work, in accordance with the agreed timetable.

## Key audit and financial reporting issues

### Financial statements opinion

We have not identified any adjustments affecting the Authority's reported financial position. The draft financial statements presented for audit were free from material error.

We have recommended a number of adjustments to improve the presentation of the financial statements.

The key messages arising from our audit of the Authority's financial statements are:

- The draft accounts were produced to a good standard
- The audit has been facilitated by good supporting working papers and excellent assistance from the finance team

Further details are set out in section two of this report.

We anticipate providing a unqualified audit opinion in respect of the financial statements (see Appendix B).

### Other financial statement responsibilities

As well as an opinion on the financial statements, we are required to give an opinion on whether other information published together with the audited financial statements is consistent with the financial statements. This includes if the AGS and Narrative Report is misleading or inconsistent with the information of which we are aware from our audit.

Based on our review of the Authority's Narrative Report and AGS we are satisfied that they are consistent with the audited financial statements. We are also satisfied that the AGS meets the requirements set out in the CIPFA/SOLACE guidance and that the disclosures included in the Narrative Report are in line with the requirements of the CIPFA Code of Practice.

## Controls

### Roles and responsibilities

The Authority's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Authority.

### Findings

We draw your attention in particular to control issues identified in relation to:

- Journal entries were posted by the Head of Finance during the year
- Our testing identified journals that did not have appropriate backing documentation to support them
- Red One Ltd – general working arrangements and cross charging.

Further details are provided within section two of this report.

### **Value for Money**

Based on our review, we are satisfied that, in all significant respects, the Authority had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Further detail of our work on Value for Money are set out in section three of this report.

### **Other statutory powers and duties**

We have not identified any issues that have required us to apply our statutory powers and duties under the Act.

Further details of our work on other statutory powers and duties is set out in section four of this report.

### **The way forward**

Matters arising from the financial statements audit and our review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources have been discussed with the Treasurer and the Head of Finance.

We have made a number of recommendations, which are set out in the action plan at Appendix A. Recommendations have been discussed and agreed with the Treasurer and the finance team.

### **Acknowledgement**

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

**Grant Thornton UK LLP**  
**August 2017**

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## Section 2: Audit findings

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- 01. Executive summary
- 02. Audit findings**
- 03. Value for Money
- 04. Other statutory powers and duties
- 05. Fees, non audit services and independence
- 06. Communication of audit matters

# Materiality

In performing our audit, we apply the concept of materiality, following the requirements of ISA (UK&I) 320: Materiality in planning and performing an audit. The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements'.

As we reported in our audit plan, we determined overall materiality to be £1,767k (being 2% of your 2015/16 gross revenue expenditure) We have considered whether this level remained appropriate at the post-statements stage and your 2016/17 draft statements recorded a reduced level of gross revenue expenditure, leading us to revise our overall materiality to £1,652k (being 2% of your 2016/17 gross revenue expenditure).

We also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulated effect of such amounts would have a material impact on the financial statements. We have defined the amount below which misstatements would be clearly trivial to be £83k. Our assessment of the value of clearly trivial matters has been adjusted to reflect our revised materiality calculation.

As we reported in our audit plan, we identified the following items where we decided that separate materiality levels were appropriate. These remain the same as reported in our audit plan

Balance/transaction/disclosure	Explanation	Materiality level
Disclosures of officers' remuneration, salary bandings and exit packages in notes to the statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	£10,000
Disclosure of auditors' remuneration in notes to the statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	£10,000
Disclosure of members' allowances in notes to the statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	£10,000

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK&I) 320)

# Audit findings against significant risks

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

Risks identified in our audit plan	Work completed	Assurance gained and issues arising
<p><b>The revenue cycle includes fraudulent transactions</b></p> <p>Under ISA (UK&amp;I) 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Devon and Somerset Fire and Rescue Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition;</li> <li>• opportunities to manipulate revenue recognition are very limited; and</li> <li>• the culture and ethical frameworks of local authorities, including Devon and Somerset Fire and Rescue Authority, mean that all forms of fraud are seen as unacceptable.</li> </ul>	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
<p><b>Management over-ride of controls</b></p> <p>Under ISA (UK&amp;I) 240 it is presumed that the risk of management over-ride of controls is present in all entities.</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>• review of journal entry process and selection of unusual journal entries for testing back to supporting documentation</li> <li>• review of accounting estimates, judgements and decisions made by management</li> <li>• review of unusual significant transactions.</li> </ul>	<p>Our audit work has not identified any evidence of management over-ride of controls. However, our journals testing has identified the following issues</p> <ul style="list-style-type: none"> <li>• The Head of Finance had the ability to post journals</li> <li>• Our testing of large and unusual journals identified four journals that did not have sufficient backing documentation to support them</li> <li>• Journals are not required to be authorised by another member of staff</li> </ul> <p>We set out later in this section of the report our work and findings on journals, and key accounting estimates and judgements.</p>

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty." (ISA (UK&I) 315) . In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK&I) 550)



# Audit findings against significant risks continued

We have also identified the following significant risks of material misstatement from our understanding of the entity. We set out below the work we have completed to address these risks.

Risks identified in our audit plan	Work completed	Assurance gained and issues arising
<p><b>The expenditure cycle includes fraudulent transactions</b>                      Practice Note 10 requires us to consider the risk of material misstatement due to fraudulent financial reporting that may arise from manipulation of expenditure recognition, especially where the body is required to meet targets.</p>	<p>We do not consider this to be a risk for the audit as our experience shows that expenditure is well controlled and monitored. In addition, of the 2016/17 budgeted expenditure (based on the Q2 outturn reports),                      -74% relates to employee remuneration, which is addressed by our procedure in response to the identified risk in this area                      -19% relates to operating expenditure which is addressed by our procedures in response to the identified risk in this area.</p>	<p>We do not consider this to be a risk for Devon and Somerset Fire and Rescue Authority, therefore no further work undertaken.</p>

# Audit findings against significant risks continued

Risks identified in our audit plan	Work completed	Assurance gained and issues arising
<p><b>Valuation of property, plant and equipment</b> The Authority revalues its assets on a rolling basis on a yearly basis. The Code requires that the Authority ensures that the carrying value at the balance sheet date is not materially different from the current value. This represents a significant estimate by management in the financial statements.</p>	<ul style="list-style-type: none"> <li>• Review of management's processes and assumptions for the calculation of the estimate.</li> <li>• Review of the competence, expertise and objectivity of any management experts used.</li> <li>• Review of the instructions issued to valuation experts and the scope of their work</li> <li>• Discussions with the Authority's valuer about the basis on which the valuation was carried out, challenging the key assumptions.</li> <li>• Review and challenge of the information used by the valuer to ensure it was robust and consistent with our understanding.</li> <li>• Testing of revaluations made during the year to ensure they were input correctly into the Authority's asset register</li> <li>• Application of market indices to carry out our own desktop valuation and comparison of this to the valuation expert's valuation</li> <li>• Evaluation of the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these were not materially different to current value.</li> </ul>	<p>Our verification testing of assets on the fixed assets register identified water rescue equipment consisting of small items of plant and machinery, including cones, wrenches and saws, that had been capitalised as one asset and could not be physically verified. The Authority should review its capitalisation policy to ensure that items that would normally be revenue expenditure are not grouped together and treated as Property Plant and equipment.</p> <p>Overall, our work has concluded that the carrying value of your Property Plant and equipment is not materially misstated.</p>
<p><b>Valuation of pension fund net liability</b> The Authority's pension fund net liability, as reflected in its balance sheet, represents a significant estimate in the financial statements.</p>	<ul style="list-style-type: none"> <li>• Identifying the controls put in place by management to ensure that the pension fund net liability is not materially misstated and assessing whether those controls were implemented as expected and whether they were sufficient to mitigate the risk of material misstatement.</li> <li>• Review of the competence, expertise and objectivity of the actuary who carried out the Authority's pension fund valuation.</li> <li>• Gaining an understanding of the basis on which the IAS 19 valuation was carried out, undertaking procedures to confirm the reasonableness of the actuarial assumptions made.</li> <li>• Review of the consistency of the pension fund net liability disclosures in notes to the financial statements with the actuarial report from your actuary.</li> </ul>	<p>Our audit work has not identified any significant issues in relation to the risk identified.</p>

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# Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses are attached at appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<p><b>Employee remuneration</b></p>	<p>Payroll expenditure represents a significant percentage of the Authority's gross expenditure.</p> <p>We identified the completeness of payroll expenditure in the financial statements as a risk requiring particular audit attention:</p> <ul style="list-style-type: none"> <li>Employee remuneration accruals understated (Remuneration expenses not correct)</li> </ul>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>documented our understanding of processes and key controls over the transaction cycle</li> <li>undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding</li> <li>substantive testing of employees for accuracy of payment and the agreement of employee remuneration disclosures to supporting documentation.</li> <li>Review of the year end payroll reconciliation to ensure that information from the payroll system can be agreed to the ledger and the financial statements.</li> <li>Review of monthly trend analysis of employee costs for the year to identify any unusual or irregular movements.</li> </ul>	<p>Our audit work has not identified any significant issues in relation to the risk identified.</p>
<p><b>Operating expenses</b></p>	<p>Non-pay expenditure represents a significant percentage of the Authority's gross expenditure. Management uses judgement to estimate accruals of un-invoiced non-pay costs.</p> <p>We identified the completeness of non-pay expenditure in the financial statements as a risk requiring particular audit attention:</p> <ul style="list-style-type: none"> <li>Creditors understated or not recorded in the correct period (Operating expenses understated)</li> </ul>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>documented our understanding of processes and key controls over the transaction cycle</li> <li>undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding</li> <li>substantive testing of a sample of operating expenses to ensure they have been accurately accounted for and in the correct period.</li> <li>review for unrecorded liabilities, review of payments made after the year end and invoices registered in April.</li> <li>review of creditors / liability balances for unusual amounts, including testing of accruals and review of estimation techniques.</li> </ul>	<p>Our audit work has not identified any significant issues in relation to the risk identified.</p>

# Audit findings against other risks continued



Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<b>Fire Pensions Benefits Payable</b>	Benefits improperly computed / Claims liability understated	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>documented our understanding of processes and key controls over the transaction cycle</li> <li>undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding</li> <li>Agreement of pension disclosures in the financial statements to supporting evidence</li> <li>Substantively tested a sample of new recurring Fire Fighter Pension benefit payments and one off lump sums covering the period 1 April 2016 to 31 March 2017 to ensure that they have been accurately accounted for and in the correct period.</li> </ul>	Our audit work has not identified any significant issues in relation to the risk identified.
<b>Changes to the presentation of local authority financial statements</b>	<p>CIPFA has been working on the 'Telling the Story' project, for which the aim was to streamline the financial statements and improve accessibility to the user and this has resulted in changes to the 2016/17 CIPFA Code of Practice.</p> <p>The changes affect the presentation of income and expenditure in the financial statements and associated disclosure notes. A prior period adjustment (PPA) to restate the 2015/16 comparative figures is also required.</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>documented and evaluated the process for the recording the required financial reporting changes to the 2016/17 financial statements</li> <li>reviewed the re-classification of the Comprehensive Income and Expenditure Statement (CIES) comparatives to ensure that they are in line with the Authority's internal reporting structure</li> <li>reviewed the appropriateness of the revised grouping of entries within the Movement In Reserves Statement (MIRS)</li> <li>tested the classification of income and expenditure for 2016/17 recorded within the Cost of Services section of the CIES</li> <li>tested the completeness of income and expenditure by reviewing the reconciliation of the CIES to the general ledger</li> <li>tested the classification of income and expenditure reported within the new Expenditure and Funding Analysis (EFA) note to the financial statements</li> </ul>	Our audit work has not identified any significant issues in relation to the risk identified.

## Going concern

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK&I) 570). We reviewed the management's assessment of the going concern assumption and the disclosures in the financial statements and concluded that there is sufficient evidence to conclude that the entity is able to continue as a going concern.

# Accounting policies, estimates and judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Authority's financial statements.

Accounting area	Summary of policy	Comments	Assessment
<b>Revenue recognition</b>	<ul style="list-style-type: none"> <li>The main sources of revenue for the Authority are Council Tax and Government Grants.</li> <li>The Authority has set out its policy for revenue and funding in the accounting policies reported in the financial statements</li> </ul>	<p>We have reviewed the Authority's recognition of revenue policies and are satisfied that :</p> <ul style="list-style-type: none"> <li>Appropriate policies have been used</li> <li>Accounting policies have been adequately disclosed</li> <li>Revenue had been appropriately recognised</li> </ul>	 <b>Green</b>
<b>Judgements and estimates</b>	<ul style="list-style-type: none"> <li>Key estimates and judgements include                             <ul style="list-style-type: none"> <li>Useful life of PPE</li> <li>Revaluations</li> <li>Impairments</li> <li>Accruals</li> <li>Valuation of pension fund net liability</li> <li>Other provisions</li> </ul> </li> </ul>	<p>The PFI equalisation provision does not appear to meet the criteria for a provision under IAS37 and should be treated as a reserve.</p>	 <b>Amber</b>

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**Assessment**

● Marginal accounting policy which could potentially attract attention from regulators

● Accounting policy appropriate but scope for improved disclosure

● Accounting policy appropriate and disclosures sufficient

# Accounting policies, estimates and judgements continued

Accounting area	Summary of policy	Comments	Assessment
<b>Going concern</b>	The Treasurer, s151 officer has a reasonable expectation that the services provided by the Authority will continue for the foreseeable future. Members concur with this view. For this reason, the Authority continue to adopt the going concern basis in preparing the financial statements.	We have reviewed the Authority's assessment and are satisfied with management's assessment that the going concern basis is appropriate for the 2016/17 financial statements.	 <b>Green</b>
<b>Other accounting policies</b> Page 26		We have reviewed the Authority's policies against the requirements of the CIPFA Code of Practice. The Authority's accounting policies are appropriate and consistent with previous years.	 <b>Green</b>

**Assessment**

● Marginal accounting policy which could potentially attract attention from regulators

● Accounting policy appropriate but scope for improved disclosure

● Accounting policy appropriate and disclosures sufficient

# Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

	Issue	Commentary
1.	<b>Matters in relation to fraud</b>	<ul style="list-style-type: none"> <li>We have previously discussed the risk of fraud with the Audit and Performance Review Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.</li> </ul>
2.	<b>Matters in relation to related parties</b>	<ul style="list-style-type: none"> <li>From the work we carried out, we have not identified any related party transactions which have not been disclosed</li> </ul>
3.	<b>Matters in relation to laws and regulations</b>	<ul style="list-style-type: none"> <li>You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.</li> </ul>
4.	<b>Written representations</b>	<ul style="list-style-type: none"> <li>A standard letter of representation has been requested from the Authority.</li> </ul>
5.	<b>Confirmation requests from third parties</b>	<ul style="list-style-type: none"> <li>We obtained direct confirmations from the Public Works Loan Board (PWLB) for loans and requested from management permission to send confirmation requests for bank and investment balances . This permission was granted and the requests were sent. All of these requests were returned with positive confirmation.</li> </ul>
6.	<b>Disclosures</b>	<ul style="list-style-type: none"> <li>Our review found no material omissions in the financial statements</li> </ul>



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## Other communication requirements continued

	Issue	Commentary
7.	<b>Matters on which we report by exception</b>	<ul style="list-style-type: none"> <li>We are required to report on a number of matters by exception in a number of areas:</li> </ul> <p>We have not identified any issues we would be required to report by exception in the following areas</p> <ul style="list-style-type: none"> <li>If the Annual Governance Statement (Annual Statement of Assurance) does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit</li> <li>If the information in the Narrative Report is materially inconsistent with the information in the audited financial statements or our knowledge of the Authority acquired in the course of performing our audit, or otherwise misleading.</li> </ul>
8.	<b>Specified procedures for Whole of Government Accounts</b>	We are not required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions as the Authority is below the £350m threshold.





# Internal controls



	Assessment	Issue and risk	Recommendations
1.	 Deficiency	<b>Journal controls</b> <ul style="list-style-type: none"> <li>In our interim audit we had been informed that the Head of Finance did not have access to post journals on the general ledger. We have now established that this was not correct as there were journals posted on the Head of Finance's log in details by another member of the finance team who was working with her at the time.</li> <li>Our testing of large and unusual journals identified four journals that did not have sufficient backing documentation to support them.</li> <li>We also identified in the interim audit that journals were not required to be authorised by another member of staff. The Authority introduced an interim solution of a retrospective review of significant journals and a random sample of others. We are satisfied that this has been implemented while the Authority investigates a workflow approval on the general ledger system.</li> </ul>	<ul style="list-style-type: none"> <li>Senior finance officers (Treasurer and Head of Finance) should not have access to post journals.</li> <li>All journals should be supported by sufficient backing documentation.</li> <li>The Authority should introduce a journal approval process on the finance system.</li> </ul>
2.	 Deficiency	<b>IT Control Environment</b> User accounts and their associated permissions in Active Directory were not being formally and proactively reviewed for appropriateness. It is our experience that access privileges tend to accumulate over time, especially during periods of change or where staff movement is high.  There is a risk that users will accumulate privileges which will breach segregation of duties and security principles and that this will not be identified and dealt with in a timely manner leading to access to information resources and system functionality not being restricted on the basis of legitimate business need. This is exacerbated by the practice of copying user accounts to create new users.	<ul style="list-style-type: none"> <li>Management should consider performing periodic, formal reviews of the user accounts and permissions within Active Directory on at least an annual basis. The review should be a process that includes business functions and file shares to provide the confirmation of their users' requirements.</li> </ul>

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**Assessment**

-  Significant deficiency – risk of significant misstatement
-  Deficiency – risk of inconsequential misstatement

# Internal controls

	Assessment	Issue and risk	Recommendations
3.	 Deficiency	<p><b>IT Control Environment</b>                      Logs of information security activity within Capita Integra are not being formally, proactively, and routinely reviewed.</p> <p>This condition poses the following risk to the organisation: Without formal, proactive, and routine reviews of security event logs, inappropriate and anomalous security activity (e.g., repeated invalid login attempts, activity violating information security policies) may not identified and/or addressed in a timely manner</p>	<p>Given the criticality of data accessible through Capita Integra logs of information security events (i.e., login activity, unauthorised access attempts, access provisioning activity) created by these systems should be proactively, formally reviewed for the purpose of detecting inappropriate or anomalous activity. These reviews should ideally be performed by one or more knowledgeable individuals who are independent of the day-to-day use or administration of these systems.</p>
4.	 Deficiency	<p><b>Red One Ltd</b>                      The Authority sought external advice in response to concerns over cross-charging between Authority and Red One Ltd and governance arrangements generally. The Authority have received reports highlighting areas for improvement and are in the process of implementing these recommendations.</p>	<p>The Authority must assure itself that the recommendations in relation to cross-charging and governance arrangements at Red One Ltd have been appropriately implemented.</p>

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The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards

"The purpose of an audit is for the auditor to express an opinion on the financial statements.

Our audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

The matters being reported are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance." (ISA (UK&I) 265)

# Internal controls – review of issues raised in prior year

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
1.	✓	<p>We observed in our testing of plant, property and equipment depreciation that some of the useful lives of assets varied quite significantly year on year due to an assessment made by the Estates team. Although we do not consider that this would pose a risk of a significant misstatement in the accounts we requested a written documentation or schedule of the assessments/considerations around each land and building asset and this was not available.</p> <p>We recommend that the Estates team documents their assessment of assets useful lives and particularly where they are making a significant adjustment to the useful life that they produce a written schedule showing the reasons for this change.</p>	<p>In the current year, we have obtained a schedule containing the changes in asset lives between 15/16 and 16/17. Where there has been a change in the asset life, this schedule sets out a brief description of the reasons for the change.</p>

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**Assessment**  
 ✓ Action completed  
 X Not yet addressed

## Unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Audit and Performance Review Committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Reason for not adjusting
1 The PFI equalisation provision does not appear to meet the criteria for a provision under IAS37 and should be treated as a reserve.	(295)	295	The adjustment is not material. The treatment will be reviewed for 2017/18.
<b>Overall impact</b>	<b>(295)</b>	<b>295</b>	

## Misclassifications and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Adjustment type	Value £'000	Account balance	Impact on the financial statements
1 Disclosure	19	Note 23.2 Senior Officer Remuneration	Senior officer remuneration has been understated by £19k due to a number of new expense codes being omitted from the report which was used to produce the note. Amendment agreed with client
2 Disclosure	N/A	N/A	A number of amendments have been made to the draft accounts to correct minor disclosure and presentational issues that do not warrant being individually reported to Those Charged with Governance.

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## Section 3: Value for Money

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<b>03.</b>	<b>Value for Money</b>
04.	Other statutory powers and duties
05.	Fees, non-audit services and independence
06.	Communication of audit matters

## Background

We are required by section 21 of the Local Audit and Accountability Act 2014 (the Act) and the NAO Code of Audit Practice (the Code) to satisfy ourselves that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Authority. The Act and NAO guidance state that for local government bodies, including fire authorities, auditors are required to give a conclusion on whether the Authority has put proper arrangements in place.

In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in November 2016. AGN 03 identifies one single criterion for auditors to evaluate:

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

AGN03 provides examples of proper arrangements against three sub-criteria but specifically states that these are not separate criteria for assessment purposes and that auditors are not required to reach a distinct judgement against each of these.

## Risk assessment

We carried out an initial risk assessment in March 2017 and identified a number of significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated April 2017.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

### **Significant qualitative aspects**

AGN 03 requires us to disclose our views on significant qualitative aspects of the Authority's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Authority's arrangements. In arriving at our conclusion, our main considerations were:

- The Authority has a balanced Medium Term Financial Plan over the period to 2020/21 and that the planning assumptions within this are reasonable.
- The Authority continues to play a lead role on collaborating with other bluelight partners locally.

We have set out more detail on the risks we identified, the results of the work we performed and the conclusions we drew from this work on page 27.

### **Overall conclusion**

Based on the work we performed to address the significant risks, we concluded that:

- the Authority had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources.

The text of our report, which confirms this can be found at Appendix B.



## Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Work to address	Findings and conclusions
<p><b>Medium Term Financial Planning</b></p> <p>The Authority continues to face financial pressures with further cuts being made in central government funding. The settlement covering the four years 2016/17 to 2019/20 totalled a 25% grant cut.</p>	<p>We reviewed the Authority's latest Medium Term Financial Plan (MTFP), the Efficiency Plan and the 2017/18 budget, considering the robustness of the assumptions that underpin the figures within them. We will also review the 2016/17 outturn position against the budget.</p>	<p>The Authority set a balanced budget for the 2017/18 financial year, with a Council Tax increase of 1.99% being agreed. Budgeted savings within this were £2.3 million, consisting of £0.860 million from non staff budget lines, £0.202 million from support staff and £1.280 million from operational posts. The balanced budget position includes a transfers of £0.579 million from the CSR strategy reserve, which was intended as a smoothing mechanism during the austerity period.</p> <p>The current MTFP runs to 2021/22 with the savings requirement over that period being £3.6 million based on council tax increases of 1.99% each year. The MTFP is based on detailed modelling assumptions in the Financial Planning Model. These include inflation, pay and pension increases as well as anticipated reductions in grant funding. These assumptions have been reviewed and appear to be reasonable. The MTFP can change over time and is updated regularly as a result of updated information on grant settlements, savings strategy and new cost pressures identified.</p> <p>The Authority applied for the 4 year funding settlement on offer from the government, which has allowed it to plan with more certainty over the medium term.</p> <p>Budgets and the savings included within them are monitored monthly with quarterly reporting to members, allowing for appropriate actions to be taken in response to any slippage in savings. The 2016/17 outturn was £2.2 million below budget. This was due to the continued implementation of agreed Corporate Plan changes and ongoing identification of savings. The bulk of this underspend has been allocated to the Authority's Funding Pressures Reserve to meet future budget challenges.</p> <p><b>On that basis we concluded that the risk was sufficiently mitigated and the Authority has proper arrangements.</b></p>
<p><b>Collaborate Partnership</b></p> <p>The Authority are progressing with opportunities to collaborate with the Strategic Alliance of Dorset Police and Devon &amp; Cornwall Police.</p>	<p>We reviewed the arrangements the Authority are putting into place for collaborative working under the Strategic Alliance.</p>	<p>The Collaborative Partnership between Devon and Somerset Fire, Dorset Police and Devon on Cornwall Police is currently on hold. Some business cases are underway, however these have not been formalised as the matters within them are still subject to discussion between the parties.</p> <p>However the Authority continues to progress other areas of blue light collaboration. The South West Emergency Services Collaboration (SWESC) Programme involves five police bodies, five fire authorities and one ambulance trust. A programme brief setting out the governance structure and objectives of the programme was prepared in October 2016.</p> <p>Our review of SWESC shows that good governance arrangements are in place in relation to blue light collaboration in the South West, with an appropriate governance structure established and regular meetings held which are minuted appropriately.</p> <p><b>On that basis we concluded that the risk was sufficiently mitigated and the Authority has proper arrangements.</b></p>

**Significant difficulties in undertaking our work**

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

**Significant matters discussed with management**

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

**Any other matters**

There were no other matters from our work which were significant to our consideration of your arrangements to secure value for money in your use of resources.

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## Section 5: Fees, non-audit services and independence

01. Executive summary

02. Audit findings

03. Value for Money

04. Other statutory powers and duties

**05. Fees, non audit services and independence**

06. Communication of audit matters

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We confirm below our final fees charged for the audit and the provision of non-audit services

### Fees

	Proposed fee £	Final fee £
Authority audit	33,820	33,820
<b>Total audit fees (excluding VAT)</b>	<b>33,820</b>	<b>33,820</b>

### Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. The table below summarises all other services which were identified.

### Fees for other services

Service	Fees £
Non-audit services	
• Forensic Review	4,890
• Provision of P11D Advice	650

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA)

# Independence and other services

We have considered whether other services might be perceived as a threat to our independence as the Authority's auditor and have ensured that appropriate safeguards are put in place

	Service provided to	Fees	Threat?	Safeguard
<b>Audit related services</b>				
	None			
<b>Non-audit services</b>				
Forensic Review	Devon and Somerset Fire and Rescue Authority	£4,890	• No	The fee level is not significant in relation to the overall fee of £33,820, the audit team are not carrying out the work, fact finding review only.
Provision of P11D Advice	Devon and Somerset Fire and Rescue Authority	£650	• No	Fee is not significant compared to the overall fee of £33,820, a separate team have completed the work.
	<b>TOTAL</b>	£5,540		

The above non-audit services are consistent with the Authority's policy on the allotment of non-audit work to your auditor

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## Section 6: Communication of audit matters

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- 01. Executive summary
- 02. Audit findings
- 03. Value for Money
- 04. Other statutory powers and duties
- 05. Fees, non audit services and independence
- 06. Communication of audit matters**

# Communication to those charged with governance

ISA (UK&I) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Findings, outlines those key issues and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

## Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/>)

We have been appointed as the Authority's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO (<https://www.nao.org.uk/code-audit-practice/about-code/>). Our work considers the Authority's key risks when reaching our conclusions under the Code.

It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence.	✓	✓
Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged		
Details of safeguards applied to threats to independence		
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to auditor's report, or emphasis of matter		✓
Unadjusted misstatements and material disclosure omissions		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern	✓	✓

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# Appendices

- A. Action Plan
- B. Audit Opinion

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## A. Action plan

Rec no.	Recommendation	Priority	Management response	Implementation date and responsibility
1	Senior finance officers (Treasurer and Head of Finance) should not have access to post journals.	Medium	Access to post journal had been previously been revoked in the Finance System however this hadn't prevented an accidental posting. Following consultation with our software provider access is now confirmed as removed.	Head of Finance - May 2017
2	All journals should be supported by sufficient backing documentation	High	Detailed working papers to be attached to each journal before approval via the finance system	Assistant Head of Finance – October 2017
3	The Authority should introduce a journal approval process on the finance system.	Medium	This is a new requirement and the capability to approve journals via the finance system is currently being set up.	Assistant Head of Finance - October 2017
4	The Authority should review their policies on capitalisation of assets in order to ensure that smaller revenue items are not grouped together and recorded as capital expenditure.	Medium	The policy has been reviewed and a control process put in place to ensure that smaller items are not grouped and then capitalised. As a result of the review, the capital and revenue budgets have been amended during 2017/18 as fewer items will be capitalised.	Senior Finance Manager – September 2017
5	Management should consider performing periodic, formal reviews of the user accounts and permissions within Active Directory on at least an annual basis. The review should be a process that includes business functions and file shares to provide the confirmation of their users' requirements.	Medium	<p>Ideally, we would like to have a nominated person/post responsible for each information asset and get them to verify access permissions to those assets on an annual basis.</p> <p>We are currently in the process of identifying all the information asset owners.</p> <p>In the meantime, we will undertake an annual review of access to certain business critical systems, including finance.</p>	ICT Service Delivery Manager – March 2018

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### Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

## A. Action plan

Rec no.	Recommendation	Priority	Management response	Implementation date and responsibility
6	Given the criticality of data accessible through Capita Integra logs of information security events (i.e., login activity, unauthorised access attempts, access provisioning activity) created by these systems should be proactively, formally reviewed for the purpose of detecting inappropriate or anomalous activity. These reviews should ideally be performed by one or more knowledgeable individuals who are independent of the day-to-day use or administration of these systems.		DSFRS are in the process of procuring a log management system that will better enable us to track inappropriate or anomalous activity.	ICT Service Delivery Manager – March 2018
7	The Authority must assure itself that the recommendations in relation to cross-charging and governance arrangements at Red One Ltd have been appropriately implemented.		The action plan and recommendations for cross-charging have been implemented during 2017/18. Governance arrangements recommendations are currently under review and an action plan is being developed.	Head of Finance – September 2017 Director of Corporate Services – December 2017

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### Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

# B: Audit opinion

**We anticipate we will provide the Authority with an unmodified audit report**

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEVON AND SOMERSET FIRE AND RESCUE AUTHORITY

We have audited the financial statements of Devon and Somerset Fire and Rescue Authority (the "Authority") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Movement in Reserves and the related notes and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes 1 to 4. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of the Treasurer and auditor

As explained more fully in the Statement of Responsibilities for the accounts, the Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report and the Annual Statement of Assurance to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion:

- the financial statements present a true and fair view of the financial position of the Authority as at 31 March 2017 and of its expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

### Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report, and the Annual Statement of Assurance for the financial year for which the financial statements are prepared is consistent with the audited financial statements.

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

We are required to report to you if:

- in our opinion the Annual Statement of Assurance does not comply with the guidance included in 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE; or
- we have reported a matter in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Authority under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Act.

We have nothing to report in respect of the above matters.

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

**Respective responsibilities of the Authority and auditor**

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

We are required under Section 20(1)(c) of the Act to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

**Scope of the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether in all significant respects the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

**Conclusion**

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, we are satisfied that in all significant respects the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of its resources for the year ended 31 March 2017.

**Certificate**

We certify that we have completed the audit of the financial statements of the Authority in accordance with the requirements of the Act and the Code of Audit Practice.

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

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**DEVON & SOMERSET**  
**FIRE & RESCUE AUTHORITY**

# Statement of accounts

2016 - 2017



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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)
<b>Gross Spending</b>	<b>77.3</b>	<b>72.1</b>	<b>(5.2)</b>
Income	(3.9)	(5.0)	(1.1)
Transfer to Reserves	0.6	4.7	4.1
<b>Net Spending</b>	<b>73.9</b>	<b>71.7</b>	<b>(2.2)</b>
<b>Funded By:</b>			
Council Tax Precept	(47.3)		
Business Rates Redistribution	(14.3)		
Central Government Funding	(12.3)		
<b>Total Funding</b>	<b>(73.9)</b>		

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.

Measure	2016-17	2015-16	Variance
<b>Non-Financial Indicators</b>			
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 <sup>1</sup>
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 <sup>2</sup>
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 <sup>2</sup>
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 (%)
<b>Financial Indicators</b>			
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 Rescue Services to model likelihood of accidental fires based on historic incident data and business segmentation data. A severity score is appended to the data from a mixture of sources. Scoring likelihood against severity produces a priority order of the data. This information will enable more effective and efficient use of Business Safety resources.

##### **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 28th 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 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: 12/09/17**

## 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.

Each entry in the Statement of Accounts is consistently rounded to the nearest £1,000 and because of the complexity of the accounts there will be instances where, due to the use of roundings, subtotals or final totals appear inconsistent with the entries which make up the total or where an entry has a small difference between notes. These minor rounding differences are considered immaterial to the overall presentation of the Statements and accompanying notes.

### 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 Penaligan of NPS South West Ltd which is a subsidiary of NPS Consultants Ltd, a controlled company of Norfolk County Council.

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

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

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

## 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 all types of Fire Engine

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				2015/16 Restated		
		Gross	Gross	Net	Gross	Gross	Net
		Expenditure	Income	Expenditure	Expenditure	Income	Expenditure
		2016/17	2016/17	2016/17	2015/16	2015/16	2015/16
		£000	£000	£000	£000	£000	£000
<b>Fire &amp; Rescue Service</b>		82,617	(5,418)	<b>77,199</b>	88,326	(4,739)	<b>83,589</b>
<b>Cost of Services</b>		<b>82,617</b>	<b>(5,418)</b>	<b>77,199</b>	<b>88,326</b>	<b>(4,739)</b>	<b>83,589</b>
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)
<b>(Surplus) or deficit on provision of services</b>				<b>17,071</b>			<b>19,692</b>
(Surplus)/Deficit on Revaluation of Non Current Assets	13 & 21			(7,928)			(5,541)
Impairment losses on non-current assets charged to the revaluation reserve	13 & 21			492			599
Actuarial (gains) or losses on Pension assets and liabilities	21			132,552			(48,077)
<b>Other comprehensive income and expenditure</b>				<b>125,116</b>			<b>(53,019)</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>142,187</b>			<b>(33,326)</b>

Refer to note 2.1 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
<b>Non-Current assets</b>			
Property, plant and equipment	13	111,948	108,156
Trade and other receivables	17	975	997
<b>Total Long-Term assets</b>		<b>112,923</b>	109,153
<b>Current assets</b>			
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
<b>Total current assets</b>		<b>43,120</b>	38,311
<b>Total assets</b>		<b>156,043</b>	147,464
<b>Current liabilities</b>			
Trade and other payables	19	(6,191)	(6,065)
Borrowings	14	(169)	(196)
Provisions	20	(695)	(62)
<b>Total current liabilities</b>		<b>(7,055)</b>	(6,323)
<b>Net current assets</b>		<b>36,064</b>	31,988
<b>Total assets less current liabilities</b>		<b>148,987</b>	141,141
<b>Non-current liabilities</b>			
Borrowings	14	(27,021)	(27,156)
Pensions Liability	31	(809,183)	(658,061)
Provisions	20	(654)	(1,606)
<b>Total non current liabilities</b>		<b>(836,858)</b>	(686,824)
<b>Total liabilities</b>		<b>(843,913)</b>	(693,147)
<b>Net assets employed</b>		<b>(687,870)</b>	(545,683)
<b>Unusable Reserves</b>			
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
		<b>723,194</b>	575,494
<b>Usable Reserves</b>			
General fund balance	21	(5,319)	(5,282)
Earmarked reserves	21	(29,985)	(24,529)
Capital Grants Unapplied		(21)	-
		<b>(35,324)</b>	(29,811)
<b>Total Reserves</b>		<b>687,870</b>	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
<b>Cash flows from operating activities</b>			
Net deficit on provision of services		<b>(17,071)</b>	(19,692)
<u>Adjustments to deficit relating to non cash movements</u>			
Depreciation and Impairment	13	<b>6,249</b>	7,684
Pension Liability	21	<b>18,569</b>	21,416
(Increase)/decrease in inventories	16	<b>14</b>	2
(Increase)/decrease in debtors	17	<b>2,527</b>	(5,752)
Increase/(decrease) in creditors	19	<b>126</b>	(601)
Increase/(decrease) in provisions	20	<b>(318)</b>	219
Other non cash movement		<b>41</b>	(90)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>10,136</b>	<b>3,183</b>
<u>Adjustments to deficit relating to items that relate to investing and financing activities</u>			
<b>Net cash inflow/(outflow) from operating activities</b>		<b>10,136</b>	3,183
<b>Net cash inflow/(outflow) from investing activities</b>	15.2	<b>(2,646)</b>	(6,091)
<b>Cash outflow from financing activities</b>	15.3	<b>(3,462)</b>	307
<b>Net increase/(decrease) in cash and cash equivalents</b>	18	<b>4,028</b>	(2,599)
<b>Cash/cash equivalents (and bank overdrafts) at the beginning of the financial year</b>	18	11,338	13,937
<b>Cash/cash equivalents (and bank overdrafts) at the end of the financial year</b>	18	<b>15,365</b>	<b>11,338</b>



## 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 'Increase/Decrease in year' line shows the movement on the statutory General Fund Balance including Earmarked Reserves.

	Note	Total	Capital	Capital	Total Usable	Total Unusable	Total Reserves
		General fund	Receipts	Grants			
Restated per note 2.3		balance	Reserve	Unapplied Reserve	Reserves	Reserves	£000
		£000			£000	£000	£000
<b>Balance at 31 March 2015</b>		<b>23,765</b>	-	-	<b>23,765</b>	<b>(602,773)</b>	<b>(579,008)</b>
<b>Movement in reserves during 2015/16</b>							
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)	-
<b>Increase/Decrease in year</b>		<b>6,047</b>	-	-	<b>6,047</b>	<b>27,279</b>	<b>33,327</b>
<b>Balance carried forward as at 31 March 2016</b>		<b>29,812</b>	-	-	<b>29,812</b>	<b>(575,495)</b>	<b>(545,683)</b>
<b>Movement in reserves during 2016/17</b>							
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)
<b>Adjustments between accounting basis and funding basis under regulations</b>							
<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				-	-	-	-
<b>Total Adjustments between accounting basis and funding basis under regulations</b>		<b>22,563</b>	-	<b>21</b>	<b>22,584</b>	<b>(22,584)</b>	<b>-</b>
<b>Increase/Decrease in year</b>		<b>5,492</b>	-	<b>21</b>	<b>5,512</b>	<b>(147,700)</b>	<b>(142,187)</b>
<b>Balance carried forward as at 31 March 2017</b>		<b>35,303</b>	-	<b>21</b>	<b>35,324</b>	<b>(723,194)</b>	<b>(687,870)</b>

## 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
<b>Net cost of services</b>	<b>45,780</b>	<b>31,419</b>	<b>77,199</b>
Other income and expenditure	(51,273)	(8,855)	(60,128)
<b>(Surplus) or Deficit</b>	<b>(5,492)</b>	<b>22,563</b>	<b>17,071</b>
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
<b>Net cost of services</b>	<b>48,550</b>	<b>35,038</b>	<b>83,589</b>
Other income and expenditure	(54,598)	(9,298)	(63,896)
<b>(Surplus) or Deficit</b>	<b>(6,047)</b>	<b>25,741</b>	<b>19,691</b>
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
<b>2016/17</b>					
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)
<b>Total</b>	<b>6,416</b>	<b>(2,941)</b>	<b>18,569</b>	<b>521</b>	<b>22,563</b>
<b>2015/16</b>					
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)
<b>Total</b>	<b>7,183</b>	<b>(2,506)</b>	<b>21,415</b>	<b>(351)</b>	<b>25,741</b>

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

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

*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
Other (gains) and Losses	(12,152)				(12,152)	Financing and Investment Income and Expenditure
<b>(Surplus)/deficit for the financial year</b>	<b>94,814</b>					Other Operating Expenditure / (Income)
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	<u>(75,121)</u>	(75,121)		(75,121)	<u>(75,121)</u>	Taxation and non-specific grant income
<b>Retained (surplus)/deficit for the year</b>	<b><u>19,693</u></b>				<b><u>19,693</u></b>	<b>(Surplus) or deficit on provision of services</b>
<b>Other comprehensive income and expenditure</b>						
Gains on revaluations	(5,541)	5,541			-	
Impairment losses on non-current assets charged to the revaluation reserve	599	(599)			-	
Remeasurements of the net defined liability/ (asset) on pension schemes	(48,077)	(4,942)			(4,942)	(Surplus)/Deficit on Revaluation of Non Current Assets
					(48,077)	Actuarial (gains) or losses on Pension assets and liabilities
					<u>(53,019)</u>	<b>Other comprehensive income and expenditure</b>
<b>Total comprehensive expenditure for the year</b>	<b><u>(33,325)</u></b>	-			<b><u>(33,325)</u></b>	<b>Total Comprehensive Income and Expenditure</b>

## 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
<b>Balance at 31 March 2015</b>	<b>5,271</b>	<b>18,495</b>	<b>23,765</b>
<b>Movement in reserves during 2015/16</b>	-	-	-
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
<b>Net Increase/Decrease before transfers to Earmarked Reserves</b>	<b>6,047</b>	<b>-</b>	<b>-</b>
Transfers to Earmarked Reserves	(6,047)	6,047	-
<b>Increase/Decrease in year</b>	<b>-</b>	<b>6,047</b>	<b>6,047</b>
<b>Balance carried forward as at 31 March 2016</b>	<b>5,271</b>	<b>24,541</b>	<b>29,811</b>

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
<b>Balance at 31 March 2015</b>	<b>27,271</b>	<b>(684,723)</b>	<b>53,362</b>	<b>1,316</b>	<b>861</b>	<b>(860)</b>	<b>(602,773)</b>
<b>Movement in reserves during 2015/16</b>	-	-	-	-	-	-	-
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)
<b>Net Increase/Decrease before transfers to Earmarked Reserves</b>	<b>(466)</b>	<b>26,662</b>	<b>732</b>	<b>410</b>	<b>(18)</b>	<b>(42)</b>	<b>-</b>
Transfers to Earmarked Reserves	-	-	-	-	-	-	-
<b>Increase/Decrease in year</b>	<b>(466)</b>	<b>26,662</b>	<b>732</b>	<b>410</b>	<b>(18)</b>	<b>(42)</b>	<b>27,279</b>
<b>Balance carried forward as at 31 March 2016</b>	<b>26,805</b>	<b>(658,061)</b>	<b>54,094</b>	<b>1,727</b>	<b>843</b>	<b>(902)</b>	<b>(575,495)</b>

## 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	2016/17	2016/17	2015/16	2015/16	2015/16
	£000	£000	£000	£000	£000	£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 and Lease 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)	
<b>Net surplus - to be transferred to reserves</b>		(2,193)			(1,878)	
Contributions to reserves		(4,718)			(5,739)	
Transfers between Usable Reserves		(237)			-	
Spending from Earmarked Reserves		1,655			1,571	
<b>Net movement in Earmarked Reserves</b>			(5,493)			(4,170)
<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 non-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)	
<b>Total Adjustment Between funding and Accounting Basis (Surplus) or deficit on provision of services</b>			22,563			25,740
			17,070			19,693

## 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 in 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 final Statement of Accounts was authorised for issue by the Audit & Performance Committee on 12 September 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	<u>(11,234)</u>	<u>(12,153)</u>
	<u>(11,087)</u>	<u>(12,153)</u>

### 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	<u>23,407</u>	<u>22,349</u>
	<u>24,495</u>	<u>23,376</u>

### 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	<u>(21)</u>	<u>0</u>
	<u>(73,536)</u>	<u>(75,121)</u>



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 13. PROPERTY PLANT AND EQUIPMENT

	Land	Buildings excluding dwellings	Plant and machinery	Transport	Total
2016/17	£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
<b>At 31 March 2017</b>	<b>18,376</b>	<b>79,289</b>	<b>4,646</b>	<b>22,468</b>	<b>124,779</b>
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)
<b>Depreciation at 31 March 2017</b>	<b>-</b>	<b>(747)</b>	<b>(2,562)</b>	<b>(9,522)</b>	<b>(12,831)</b>
<b>Net book value</b>					
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
<b>Asset financing</b>					
Owned	18,376	77,497	2,084	12,946	110,903
Finance Leased	-	-	-	-	-
Private finance initiative	-	-	-	-	-
PFI residual interests	-	1,045	-	-	1,045
<b>Total 31 March 2017</b>	<b>18,376</b>	<b>78,542</b>	<b>2,084</b>	<b>12,946</b>	<b>111,948</b>

#### 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	Plant and machinery	Transport	Total
	£000	£000	£000	£000	£000
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	-	-	-	-	-
<b>Total</b>	<b>18,376</b>	<b>79,289</b>	<b>4,646</b>	<b>22,468</b>	<b>124,779</b>

#### 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	Plant and machinery	Transport	Total
	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2015	18,361	75,885	5,708	17,589	117,543
Additions purchased	-	1,012	990	4,173	6,175
Additions donated	-	-	-	-	-
Additions government granted	-	-	-	-	-
Reclassifications	-	-	-	-	-
Derecognition - disposals	-	-	(2,731)	(138)	(2,869)
Revaluation gains	-	156	-	-	156
Revaluation removals	-	(419)	-	-	(419)
Impairments	-	(549)	-	-	(549)
Downward revaluations	-	(599)	-	-	(599)
Reversal of Impairments	-	48	-	-	48
<b>At 31 March 2016</b>	<b>18,361</b>	<b>75,534</b>	<b>3,967</b>	<b>21,624</b>	<b>119,486</b>
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)
<b>Depreciation at 31 March 2016</b>	<b>-</b>	<b>(843)</b>	<b>(2,122)</b>	<b>(8,365)</b>	<b>(11,330)</b>
<b>Net book value</b>					
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
<b>Asset financing</b>					
Owned	<b>18,361</b>	<b>73,684</b>	<b>1,845</b>	<b>13,259</b>	<b>107,149</b>
Finance Leased	-	-	-	-	-
Private finance initiative	-	-	-	-	-
PFI residual interests	-	<b>1,007</b>	-	-	<b>1,007</b>
<b>Total 31 March 2016</b>	<b>18,361</b>	<b>74,691</b>	<b>1,845</b>	<b>13,259</b>	<b>108,156</b>

## 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 31 March 2017	£000 31 March 2016	£000 31 March 2017	£000 31 March 2016
<b>Financial Liabilities</b>				
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)
	<b>(27,021)</b>	<b>(27,156)</b>	<b>(4,530)</b>	<b>(4,587)</b>
*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)
<b>Amount shown as short-term creditors in balance sheet</b>			<b>(6,191)</b>	<b>(6,065)</b>
<b>Financial Assets</b>				
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
	<b>975</b>	<b>997</b>	<b>40,844</b>	<b>36,468</b>
**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
<b>Amount shown as current trade &amp; other receivables in balance sheet</b>			<b>8,216</b>	<b>10,721</b>

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

## 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 31 March 2017	£000 31 March 2016	£000 31 March 2017	£000 31 March 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 31 March 2017	£000 31 March 2016	£000 31 March 2017	£000 31 March 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 2 inputs (PWLB certainty rate), being inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The PWLB certainty rate (20 base points below the PWLB new loan rates as at 31/03/2017) is applicable to all Local Authorities, though some may not apply if they do not need funds. The certainty rate is therefore used as a benchmark rate across what Local Authorities would borrow at if they needed to.

### 15 CASH FLOW STATEMENT NOTES

#### 15.1 OPERATING ACTIVITIES

The cash flows for operating activities include the following items;

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

#### 15.2 INVESTMENT ACTIVITIES

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

#### 15.3 FINANCING ACTIVITIES

	2016/17 £000	2015/16 £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)
<b>Net Cash Flows from investing activities</b>	<b>(3,462)</b>	<b>307</b>

## 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
<b>Total</b>	<b>239</b>	<b>253</b>

### 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
<b>Current Assets</b>				
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
<b>Total</b>	<b>8,216</b>	<b>10,721</b>	<b>975</b>	<b>997</b>

#### 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
<b>Total</b>	<b>423</b>	<b>24</b>

#### 17.3 Provision for impairment of receivables

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

### 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)
<b>Balance at 31 March</b>	<b>15,365</b>	<b>11,338</b>
<b>Made up of</b>		
Commercial banks and cash in hand	3	13
Current investments (less than 3 Months to maturity)	15,362	11,325
<b>Cash and cash equivalents as in statement of financial position</b>	<b>15,365</b>	<b>11,338</b>
Bank Balance - Commercial banks	-	-
<b>Cash and cash equivalents as in statement of cash flows</b>	<b>15,365</b>	<b>11,338</b>

**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
<b>Current Liabilities</b>				
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)
<b>Total</b>	<b>(6,191)</b>	<b>(6,065)</b>	<b>(809,183)</b>	<b>(658,061)</b>

**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)
<b>Total</b>	<b>(695)</b>	<b>(62)</b>	<b>(654)</b>	<b>(1,606)</b>

	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
<b>Expected timing of cash flows:</b>				
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**

<b>Earmarked reserve</b>	<b>Balance 1 April</b>	<b>Transfers In</b>	<b>Transfers Out</b>	<b>Balance 31 March</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
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
Performance Management System Replacement	-	230	-	230
Risk Critical Operational Equipment	-	38	-	38
Firefighter fitness monitoring & support	-	176	(1)	175
Operational Safety - new training model	-	404	-	404
Emergency Services Mobile Communications Project	-	688	-	688
SHQ Canteen remodel	-	49	-	49
<b>Total Earmarked Reserves</b>	<b>24,529</b>	<b>7,111</b>	<b>(1,655)</b>	<b>29,985</b>
General Fund (non Earmarked) Balance	5,282	37	-	5,319
<b>Total General Fund</b>	<b>29,811</b>	<b>7,148</b>	<b>(1,655)</b>	<b>35,304</b>

Restated for inclusion  
of General Fund

2015/16

<b>Earmarked reserve</b>	<b>Balance 1 April</b>	<b>Transfers In</b>	<b>Transfers Out</b>	<b>Balance 31 March</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
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
<b>Total Earmarked Reserves</b>	<b>18,494</b>	<b>7,617</b>	<b>(1,582)</b>	<b>24,529</b>
General Fund (non Earmarked) Balance	5,271	11	-	5,282
<b>Total General Fund</b>	<b>23,765</b>	<b>7,628</b>	<b>(1,582)</b>	<b>29,811</b>

## 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)
<b>Total</b>	<b>723,195</b>	<b>575,494</b>

#### 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
<b>Balance at 1 April</b>	<b>(54,094)</b>	<b>(53,362)</b>
<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
	<b>7,039</b>	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)
<b>Balance at 31 March</b>	<b>(54,799)</b>	<b>(54,094)</b>



## 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
<b>Balance at 1 April</b>	<b>(26,805)</b>	(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
<b>Balance at 31 March</b>	<b>(30,054)</b>	(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
<b>Balance at 1 April</b>	<b>658,061</b>	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)
<b>Balance at 31 March</b>	<b>809,183</b>	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
<b>Balance at 1 April</b>	<b>(1,280)</b>	(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)
<b>Balance at 31 March</b>	<b>(1,161)</b>	(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.

	<b>2016/17</b>	2015/16
	<b>£000</b>	£000
<b>Balance at 1 April</b>	<b>(447)</b>	(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	<b>342</b>	(262)
<b>Balance at 31 March</b>	<b>(105)</b>	(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.

	<b>2016/17</b>	2015/16
	<b>£000</b>	£000
<b>Balance at 1 April</b>	<b>902</b>	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	<b>60</b>	42
<b>Balance at 31 March</b>	<b>962</b>	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 31<sup>st</sup> 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.

	<b>2016/17</b>	2015/16
	<b>£000</b>	£000
<b>Balance at 1 April</b>	<b>(843)</b>	(861)
PFI Surplus for the year	<b>12</b>	18
<b>Balance at 31 March</b>	<b>(831)</b>	(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
Burrige-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)	94,256	314	0		94,570	17,458	112,028	
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)	77,481	162	0		77,643	14,812	92,455	
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	
	<b>1,565,570</b>	<b>25,412</b>	<b>0</b>		<b>1,590,982</b>	<b>274,833</b>	<b>1,865,815</b>	
(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	
	<b>1,360,254</b>	<b>29,308</b>	<b>0</b>		<b>1,389,562</b>	<b>266,569</b>	<b>1,656,131</b>	
(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
<b>Total</b>	<b>4</b>	<b>1</b>	<b>5</b>	<b>11</b>	<b>9</b>	<b>12</b>	<b>£134,044</b>	<b>£147,564</b>

## 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
<b>Total</b>	<b>39</b>	<b>41</b>

### 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
<b>Grants</b>		
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)	-
<b>Sub Total Grants</b>	<b>(3,924)</b>	<b>(2,881)</b>
<b>Other Income</b>		
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)
<b>Sub Total Other Income</b>	<b>(1,495)</b>	<b>(1,858)</b>
<b>Total within cost of services in the CIES</b>	<b>(5,418)</b>	<b>(4,739)</b>

## 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
<b>Central government income</b>		
New Dimensions Grant	(988)	(1,028)
<b>Red One Limited<sup>^</sup></b>		
Receipts from Red One Ltd of training income and reimbursements	(574)	(630)
<b>Devon County Council</b>		
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
<b>Cornwall Council</b>		
Payments to CC for provision of legal services	70	26
<b>Plymouth City Council</b>		
Payments to PCC for provision of legal services	30	26
<b>SAFE South West</b>		
Payments to support SAFE Charity including transfer of grant funds	25	106
<b>FRIC*</b>		
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.

### <sup>^</sup>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.

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

	<b>2016/17</b>	2015/16
	<b>£000</b>	£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
<b>Total</b>	<b>161</b>	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
<b>Outstanding undischarged contract obligations:</b>					
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)
<b>Balance outstanding at 31 March</b>	<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)
<b>Net Amount Charged to the CIES</b>	<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%	} 4,683
2006 New firefighters Pension Scheme	11.9%	
2006 Modified firefighters Pension Scheme	21.7%	
2015 Firefighters Pension Scheme	14.3%	

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

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

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

**NOTES TO THE CORE FINANCIAL STATEMENTS**

**Note 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
<b>Comprehensive Income &amp; Expenditure Statement</b>								
<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)
<b>Total Post-employment benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>3,256</b>	<b>3,582</b>	<b>12</b>	<b>10</b>	<b>24,589</b>	<b>27,212</b>	<b>27,857</b>	<b>30,804</b>
<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								
<b>Total Post-employment benefits charged to the CIES</b>	<b>(6,223)</b>	<b>1,193</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,223)</b>	<b>1,193</b>
<b>Movement in Reserves Statement</b>								
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>Actual 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 (seconded 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
<b>Total Retirement benefits payable to pensioners</b>	<b>1,237</b>	<b>1,259</b>	<b>19</b>	<b>20</b>	<b>22,726</b>	<b>25,320</b>	<b>23,982</b>	<b>26,599</b>

**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	<b>87,444</b>	<b>65,921</b>	<b>352</b>	<b>326</b>	<b>770,536</b>	<b>632,962</b>	<b>858,332</b>	<b>699,209</b>

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

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%
<b>Total Fair value of LGPS assets</b>	<b>49,149</b>	<b>100%</b>	<b>41,148</b>	<b>100%</b>

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)
<b>Fair value of scheme assets at end of period</b>	<b>49,149</b>	<b>41,148</b>

Basis for establishing assets and liabilities	LG Pension Scheme 2016/17	LG Pension Scheme 2015/16	LG Unfunded 2016/17	LG Unfunded 2015/16	Fire Schemes 2016/17	Fire Schemes 2015/16
	£000	£000	£000	£000	£000	£000
Long-term expected rate of return on assets in the scheme	5.4%	5.4%				
<b>Mortality assumptions</b>						
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	Fire Schemes	* Present Value of Total Obligation
	PV* £000	PV* £000	
Adjustment to the Discount Rate			
+0.1%	85,942	756,756	
0.0%	87,796	770,536	
-0.1%	89,693	784,590	
Adjustment to Long Term Salary Increase			
+0.1%	88,129	771,897	
0.0%	87,796	770,536	
-0.1%	87,466	769,181	
Adjustment to Pension Increases and Deferred Revaluation			
+0.1%	89,360	783,215	
0.0%	87,796	770,536	
-0.1%	86,268	758,097	
Adjustment to Mortality Age Rating Assumption			
+ 1 year	90,944	801,639	
None	87,796	770,536	
- 1 year	84,761	740,672	

## 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			
<b>Total</b>	<b>42,886</b>	<b>-</b>	<b>-</b>	<b>-</b>

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
<b>Total</b>	<b>423</b>	<b>24</b>

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
<b>Total</b>	<b>31,044</b>	<b>31,071</b>

### 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.

<b>Firefighter Pensions Fund</b>	<b>2016/17 £000</b>	2015/16 £000
<b>Contributions receivable from:</b>		
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)
	<b>(9,102)</b>	<b>(10,717)</b>
<b>Transfers In</b>	<b>(4)</b>	<b>(42)</b>
<b>Benefits payable</b>		
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
<b>Payments to and on account of leavers</b>		
i) transfers out	-	0
Net amount payable for the year	<b>11,234</b>	12,154
Top up grant payable by the government	<b>(11,234)</b>	<b>(12,154)</b>
	<b>-</b>	<b>-</b>
<b>Net Assets Statement</b>		
	<b>2016/17 £000</b>	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
<b>Total</b>	<b>-</b>	<b>-</b>

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.

## **CERTIFICATION OF ISSUE**

**The unaudited accounts were issued on the 28th June 2017 and the audited accounts were authorised for issue on the 12 September 2017.**

**Kevin Woodward  
Treasurer to the Authority**

**12 September 2017**

**George Wheeler  
Chair Audit Performance Review Committee**

**12 September 2017**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEVON AND SOMERSET FIRE AND RESCUE AUTHORITY**

We have audited the financial statements of Devon and Somerset Fire and Rescue Authority (the "Authority") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Movement in Reserves and the related notes and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes 1 to 4. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Statement of Responsibilities for the accounts, the Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report and the Annual Statement of Assurance to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion:

- the financial statements present a true and fair view of the financial position of the Authority as at 31 March 2017 and of its expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

### **Opinion on other matters**

In our opinion, the other information published together with the audited financial statements in the Narrative Report, and the Annual Statement of Assurance for the financial year for which the financial statements are prepared is consistent with the audited financial statements.

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

We are required to report to you if:

- in our opinion the Annual Statement of Assurance does not comply with the guidance included in 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE; or
- we have reported a matter in the public interest under section 24 of the Act in the course of, or at the conclusion of the
- we have made a written recommendation to the Authority under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we exercise any other special powers of the auditor under the Act.

We have nothing to report in these respects.

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

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

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

We are required under Section 20(1)(c) of the Act to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether in all significant respects the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

## **Conclusion**

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, we are satisfied that in all significant respects the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of its resources for the year ended 31 March 2017.

## **Certificate**

We certify that we have completed the audit of the financial statements of the Authority in accordance with the requirements of the Act and the Code of Audit Practice.

Peter Barber  
for and on behalf of Grant Thornton UK LLP, Appointed Auditor  
Hartwell House  
55-61 Victoria Street  
Bristol  
BS1 6FT



## DEVON & SOMERSET FIRE & RESCUE AUTHORITY

Grant Thornton UK LLP  
Hartwell House  
55-61 Victoria Street  
Bristol  
BS1 6FT

12 September 2017

Dear Sirs

### **Devon and Somerset Fire and Rescue Authority Financial Statements for the year ended 31 March 2017**

This representation letter is provided in connection with the audit of the financial statements of Devon and Somerset Fire and Rescue Authority for the year ended 31 March 2017 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

#### **Financial Statements**

- i We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 ("the Code") which give a true and fair view in accordance therewith.
- ii We have complied with the requirements of all statutory directions affecting the Authority and these matters have been appropriately reflected and disclosed in the financial statements.
- iii The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- vi We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.

- vii Except as disclosed in the financial statements:
  - a there are no unrecorded liabilities, actual or contingent
  - b none of the assets of the Authority has been assigned, pledged or mortgaged
  - c there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- ix Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.
- x All events subsequent to the date of the financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.
- xi Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of the Code.
- xii We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Authority and its financial position at the year-end.

The financial statements are free of material misstatements, including omissions.

- xiii We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv We believe that the Authority's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Authority's needs. We believe that no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements.

#### **Information Provided**

- xv We have provided you with:
  - d access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - e additional information that you have requested from us for the purpose of your audit; and
  - f unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
- xvi We have communicated to you all deficiencies in internal control of which management is aware.
- xvii All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xix We have disclosed to you all our knowledge of fraud or suspected fraud affecting the Authority involving:

- a management;
  - b employees who have significant roles in internal control; or
  - c others where the fraud could have a material effect on the financial statements.
- xx We have disclosed to you all our knowledge of any allegations of fraud, or suspected fraud, affecting the Authority's financial statements communicated by employees, former employees, regulators or others.
- xxi We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxii We have disclosed to you the identity of all the Authority's related parties and all the related party relationships and transactions of which we are aware.
- xxiii We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

**Annual Statement of Assurance**

xxiv We are satisfied that the Annual Statement of Assurance fairly reflects the Authority's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the Annual Statement of Assurance.

**Narrative Report**

xxv The disclosures within the Narrative Report fairly reflect our understanding of the Authority's financial and operating performance over the period covered by the financial statements.

**Approval**

The approval of this letter of representation was minuted by the Authority's Audit and Performance Review Committee at its meeting on 12 September 2017.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Authority

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# adjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Audit and Performance Review Committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Reason for not adjusting
1 The PFI equalisation provision does not appear to meet the criteria for a provision under IAS37 and should be treated as a reserve.	(295)	295	The adjustment is not material. The treatment will be reviewed for 2017/18.
<b>Overall impact</b>	<b>(295)</b>	<b>295</b>	

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# Agenda Item 6

<b>REPORT REFERENCE NO.</b>	<b>APRC/17/15</b>
<b>MEETING</b>	<b>AUDIT &amp; PERFORMANCE REVIEW COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>12 SEPTEMBER 2017</b>
<b>SUBJECT OF REPORT</b>	<b>2016-17 ANNUAL STATEMENT OF ASSURANCE</b>
<b>LEAD OFFICER</b>	<b>Head of Organisational Assurance</b>
<b>RECOMMENDATIONS</b>	<i><b>That that the final Annual Statement of Assurance - required to accompany the 2016-17 final accounts – be approved and published on the Authority’s website.</b></i>
<b>EXECUTIVE SUMMARY</b>	<p>To comply with both Accounts and Audit Regulations and the Fire &amp; Rescue Service National Framework, the Authority is required to produce and publish an annual Statement of Assurance on financial, governance and operational matters and showing how the Authority has had regard to both its Integrated Risk Management Plan (IRMP) and the expectations in the Framework.</p> <p>The Annual Statement of Assurance is primarily backward looking but also features an action plan to address, in the forthcoming financial year, any significant governance issues identified as part of the review process.</p> <p>This Committee approved, in principle, the draft 2016-17 Annual Statement of Assurance at its meeting on 28 June 2017 (Minute *APRC/6 refers). The draft was submitted, along with the draft 2016-17 Statement of Accounts, to the Authority’s external auditors.</p> <p>No issues requiring amendment have been identified and consequently the final version of the 2016-17 Annual Statement of Assurance is now attached.</p>
<b>RESOURCE IMPLICATIONS</b>	Nil.
<b>EQUALITY RISKS AND BENEFITS ASSESSMENT (ERBA)</b>	The contents of this report are considered compatible with existing equalities and human rights legislation.
<b>APPENDICES</b>	A. 2016-17 Final Annual Statement of Assurance
<b>LIST OF BACKGROUND PAPERS</b>	Report APRC/17/12 (Draft Statement of Assurance 2016-17) to the meeting held on 28 June 2017 (and the Minutes of that meeting).

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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 Members<sup>1</sup> 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).

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<sup>1</sup> 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](http://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



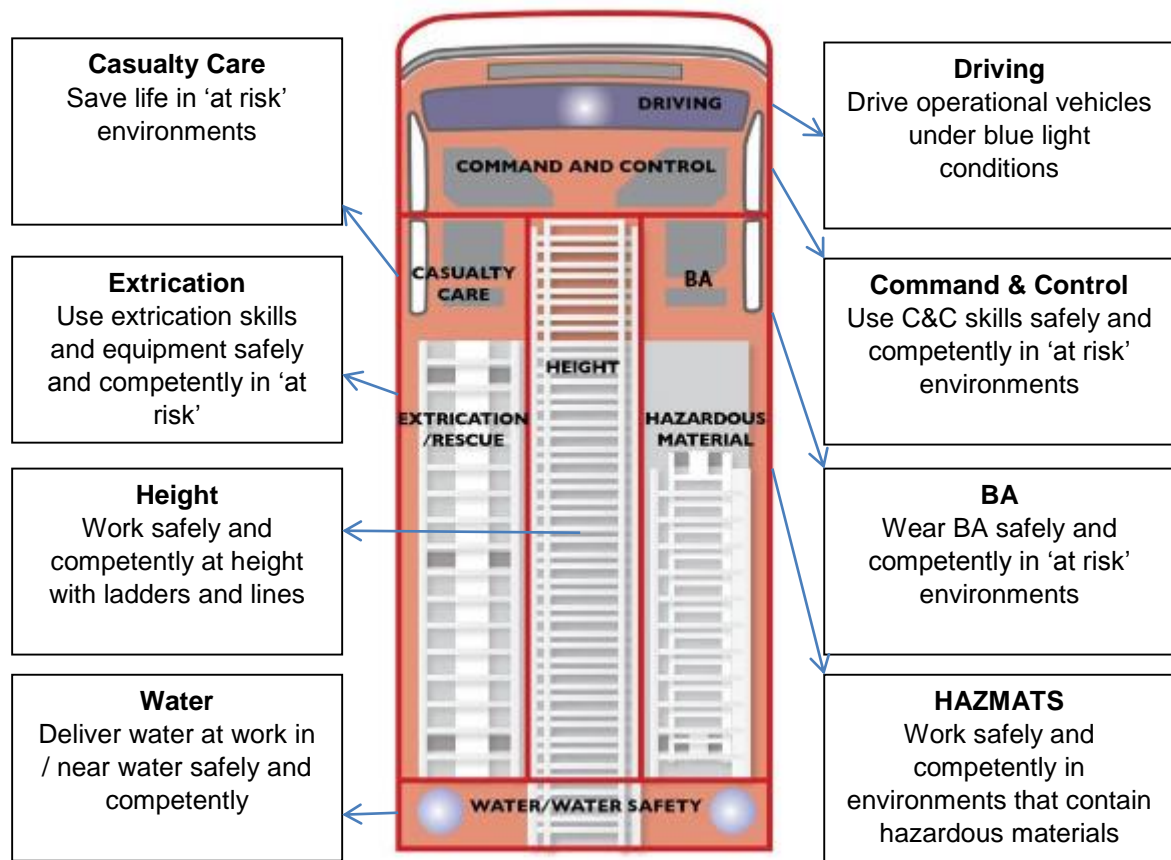
- To the right people

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](http://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](http://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.

- h General Data Protection Regulations (GDPR) – Introduced to keep pace with the modern digital landscape, these Regulations in replace – with effect from 25 May 2018 - the current Data Protection Act (DPA) regime. The Regulations, which are more extensive in scope and application than the current DPA, extend the data rights of individuals and require organisations to develop clear policies and procedures (and adopt appropriate technical and organisational measures) to protect personal data. The government has confirmed that the UKs decision to leave the EU will not affect commencement of GDPR.

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.



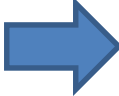


**Lee Howell**

**CHIEF FIRE OFFICER**

**George Wheeler**

**CHAIRMAN, AUDIT AND PERFORMANCE  
REVIEW COMMITTEE**

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

<b>Identified Issue</b>	<b>Action Needed</b>	<b>Direction of Travel since 2015-16</b>	<b>Lead Officer</b>	<b>Target Date</b>
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.		Head of 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 2017
Production and publication of financial statements (Annual Statement of Accounts)	The Accounts and Audit Regulations 2015 require publication of final financial statements (Annual Statement of Accounts) by the end of July, commencing with the 2017-18 financial year.	New	Head of Finance	July 2018

Identified Issue	Action Needed	Direction of Travel since 2015-16	Lead Officer	Target Date
General Data Protection Regulations	To ensure that the Service is fully compliant with the requirements of the General Data Protection Regulations	New	Head of Organisational Assurance	May 2018

# Agenda Item 7

<b>REPORT REFERENCE NO.</b>	<b>APRC/17/16</b>
<b>MEETING</b>	<b>AUDIT &amp; PERFORMANCE REVIEW COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>12 SEPTEMBER 2017</b>
<b>SUBJECT OF REPORT</b>	<b>AUDIT &amp; REVIEW 2017-18 PROGRESS REPORT</b>
<b>LEAD OFFICER</b>	<b>AREA MANAGER – ORGANISATIONAL ASSURANCE</b>
<b>RECOMMENDATIONS</b>	<i>That the report be noted.</i>
<b>EXECUTIVE SUMMARY</b>	<p>Attached for consideration and discussion is the 2017 – 18 Quarter one Audit &amp; Review report. This report sets out progress to date against the approved 2017-18 Internal Audit Plan, and updates on additional review work undertaken.</p> <p>The report provides assurance statements for the audits completed to date and records the progress against the approved Internal Audit Plan.</p> <p>Internal Audit activities across DSFRS are managed through a shared service agreement that sees Audit &amp; Review and the Devon Audit Partnership (DAP) work together to deliver the Internal Audit Plan.</p> <p>The report provides an overview of the assurance tracking process and the current high priority recommendations that remain as ‘open’ on the assurance tracker.</p>
<b>RESOURCE IMPLICATIONS</b>	Nil.
<b>EQUALITY RISKS AND BENEFITS ASSESSMENT (ERBA)</b>	Not applicable.
<b>APPENDICES</b>	Nil.
<b>LIST OF BACKGROUND PAPERS</b>	<p>Audit &amp; Review 2017-18 Plan</p> <p>Audit &amp; Review Service Policy</p>

## **1. INTRODUCTION**

- 1.1 The 2017/18 Internal Audit Plan was approved by this Committee at its meeting held on the 24 April 2017. The Plan sets out the combined scope of internal audit work to be completed by Audit & Review and the Devon Audit Partnership. The Audit Strategy for 2018/19 will be designed around new Service Performance Measures currently being developed.
- 1.2 Audit & Review and the Devon Audit Partnership are accountable for the delivery of the Plan and the policy includes the requirement to report progress to this Committee at least three times per year.
- 1.3 All Internal Audit reports, Plans and Service Policy are available on the intranet and can be accessed using the following link:  
<http://intranet/Departments/SPRD/RiskandReview.asp>
- 1.4 The key objective of this report is to provide the Committee with a progress report against the Plan.
- 1.5 The report includes the assurance statements for the audits completed since the last meeting of the Committee.
- 1.6 The report also includes an overview of the assurance tracking process and the current high priority recommendations that remain as 'open' on the assurance tracker.

## **2. ASSURANCE STATEMENTS**

- 2.1 One of the key roles of Internal Audit is to provide independent assurance as to how effectively risks are managed across the organisation.
- 2.2 The following assurance statements have been developed to evaluate and report audit conclusions:

### **★★★★ High Standard**

The system and controls in place adequately mitigate exposure to the risks identified. The system is being adhered to and substantial reliance can be placed upon the procedures in place. Only minor recommendations aimed at further enhancing already sound procedures.

### **★★★ Good Standard**

The systems and controls generally mitigate the risk identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising from the audit and the recommendations made serve to strengthen what are mainly reliable procedures.

### **★★ Improvements Required**

In our opinion there are a number of instances where controls and procedures do not adequately mitigate the risks identified. Existing procedures need to be improved in order to ensure that they are fully reliable. Recommendations have been made to ensure that organisational objectives are not put at risk.



★ Fundamental Weakness Identified

The risks identified are not being controlled and there is an increased likelihood that risks could occur. The matters arising from the audit are sufficiently significant to place doubt on the reliability of the procedures reviewed, to an extent that the objectives and/or resources of the Authority may be at risk, and the ability to deliver the service may be adversely affected. Implementation of the recommendations made is a priority.

**3. PROGRESS AGAINST THE 2017-18 PLAN**

3.1 The majority of the 2017-18 Internal Audit Plan has been assigned to Audit & Review Manager including ICT assurance.

Audit Area	Progress	Assurance Statement
<b>Audit &amp; Review</b>		
EFQM review	Final report	★★★ Good Standard EFQM 4 star award achieved.
Information Security	Final report	★★★ Good Standard Information Assurance and Security analysis between DSFRS existing Information Security arrangements, and ISO27001:2013. Risk Management Accreditation Document Set (RMADS) baseline controls updated.
Information Governance of Network Fire Services Partnership (NFSP)	Final report	★★ Improvements Required Remedial action plan makes recommendation in respect of patching
ICT health check (NFSP – Capita)	Draft report	★★ Improvements Required ITHC completed in August 2017. Some patching issues identified and improvement to passwords required.
ICT health check (DSFRS)	Draft report	★★ Improvements Required Remediation plan being adopted.
Emergency Services Network (ESN)	Draft report	★★ Improvements Required Initial scoping completed for Code of Connection Gap Analysis.
General Data Protection Regulation (GDPR)	Final report	★★★ Good Standard. Action plan agreed to comply with GDPR by May 2018.
LGA self-assessment	Draft report	Prevention, Protection and Response self-assessment report drafted in preparation for LGA review quarter 3.
Diversity & Inclusion	Review ongoing	
Service Policies	Review ongoing	

Business Continuity Management	Review ongoing	
Devon Audit Partnership		
Business Safety - Enforcement Process	Scoping. To be completed by October 2017.	Allocated to Devon Audit Partnership.

### **Action Planning**

3.2 All issues have been discussed with the Lead Officers and Audit & Review are pleased to report that suitable action plans have been agreed to improve the management of any risks identified.

3.3 All agreed actions are captured and monitored through the assurance tracking process (see paragraph below).

### **4. AUDIT & REVIEW RECOMMENDATIONS**

4.1 The Audit & Review Assurance Tracking system records all recommendations and agreed actions coming out of key assurance activities. The system tracks recommendations at the following assurance levels:

- External Audit
- Annual Statement of Assurance
- Internal Audit (Audit & Review and Devon Audit Partnership)
- Operational Assurance
- EFQM
- ICT Health Checks

4.2 The Assurance Tracker is available to all employees through the Service Information Point (SIP).

4.3 On a monthly basis all outstanding High and High / Medium recommendations are reported to the Service Leadership Team (SLT) for review.

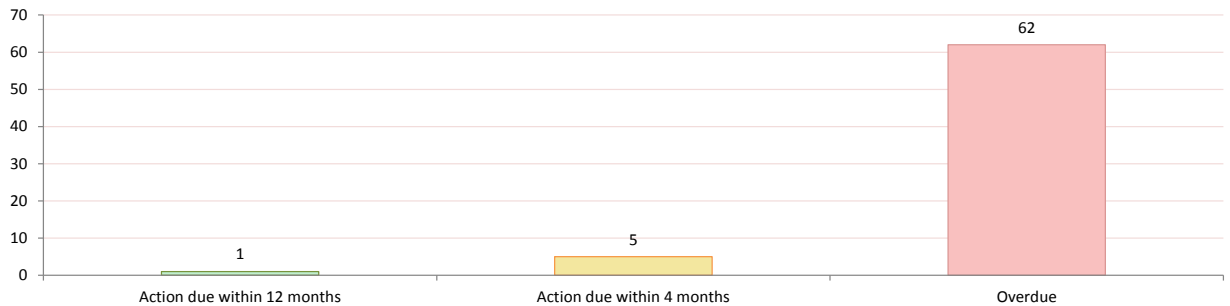
4.4 A quarterly update procedure has been embedded that sees the export and distribution of outstanding recommendations to service managers to provide an update. This has been aligned to the Corporate Planning process to ensure outstanding recommendations are reviewed alongside departmental plans.

4.5 The inclusion of additional assurance activity, such as EFQM and ICT health checks, has seen an overall increase in the total number of open actions. However, since July 2017, a 6% decrease has been seen in open 'High' or 'High / Medium' recommendations reduction to 68, with the majority located at the tactical rather than strategic level. As at August 2017, refer to illustrated Graph 1 below.

4.6 The overdue actions are largely linked to longer term project work that remain on-going and are monitored through the assurance tracking process.

4.7 Additionally, open actions have been superseded by changes to the service structure, digital transformation and other actions. Further work is ongoing to ensure that actions that have been superseded are documented and recorded as closed.

Open Audit Recommendations (High and High / Med) : 68



Graph 1: Open Audit recommendations

## 5. **CONCLUSION & RECOMMENDATIONS**

- 5.1 Based on the work completed to date in this year and knowledge from previous years, the systems in operation within Devon & Somerset Fire & Rescue Service continue to demonstrate a level of internal control.
- 5.2 Both Audit & Review and the Devon Audit Partnership would wish to use this report to thank all staff who have worked with them in delivering the audit programme and the willingness to positively engage in the audit process.
- 5.3 The progress made against the agreed Audit Plan will be reported back to this Committee at regular intervals.

**SARAH ALLEN**  
Area manager – Organisational Assurance

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# Agenda Item 8

<b>REPORT REFERENCE NO.</b>	<b>APRC/17/17</b>
<b>MEETING</b>	<b>AUDIT &amp; PERFORMANCE REVIEW COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>12 SEPTEMBER 2017</b>
<b>SUBJECT OF REPORT</b>	<b>CORPORATE RISK REGISTER</b>
<b>LEAD OFFICER</b>	<b>AREA MANAGER – ORGANISATIONAL ASSURANCE</b>
<b>RECOMMENDATIONS</b>	<i>That the report be noted.</i>
<b>EXECUTIVE SUMMARY</b>	<p>Managing risks of all kinds, both operational and strategic, is an important part of ensuring that the resources of Devon and Somerset Fire and Rescue Service are used to best advantage. Risk is inherent in most things that we do and much of our activity is already assessed and managed through the application of the operational risk management procedures and good common sense.</p> <p>The Corporate Risk Register details risks and mitigation to ensure risk is managed appropriately and proportionately.</p>
<b>RESOURCE IMPLICATIONS</b>	Nil.
<b>EQUALITY RISKS AND BENEFITS ASSESSMENT (ERBA)</b>	Not applicable.
<b>APPENDICES</b>	Nil.
<b>LIST OF BACKGROUND PAPERS</b>	<p>APRC January 2017 – Corporate Risk Register</p> <p>APRC June 2016 – Corporate Risk Register</p> <p>DSFRA/36 - 24 February 2014</p> <p>DSFRA/13/21 - 19 December 2013</p>

## 1. **INTRODUCTION**

1.1 The aims underpinning risk management for Devon & Somerset Fire & Rescue Service are to:

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

1.2 Risk management does not mean risk avoidance. It is about encouraging officers and managers to identify, understand and control risk and to learn how to accept the right level of risk.

## 2. **BACKGROUND**

2.1 The Corporate Risk Register captures and describes the Authority's most significant risks, with a focus on cross cutting risks and major projects. It is formally reviewed and refreshed on a regular cycle. The final stage of the process, once the risks have been reviewed by risk owners and directors, is for the Committee to consider and comment on the register.

## 3. **CORPORATE RISKS FOR CONSIDERATION**

3.1 The Service's risk profile has changed over the last six months. Two risks have been added to the Register with no risks downgraded to operational groups and departments. No risks have increased in severity. As is normal, there have been minor changes to control measures across the risk portfolio. Risk owners are assigned to each issue and active mitigation in place. The more substantive changes to the risk register are set out below. The review process itself is currently being reviewed.

### 3.2 New risks

3.1.1 Risk CR039 Issue added May 2017

Cause: Ambulance service resource pressures.

Impact: The delay in arrival on scene impacts adversely on the patient condition, operational crews seek alternative methods of patient transportation and/or crews are unavailable for Service Delivery response. Increased exposure to casualties may also impact on crew welfare.

Control measures: Senior management discussions ongoing between both emergency services.

3.1.2 Risk CR040 Issue added June 2017

Cause: Changes to Data Protection Regulation as a result of UK being part of European Union.

Impact: Data Protection Act 1998 is being replaced by General Data Protection Regulation and the Service has to comply with the legislation by 25 May 2018. Internal resource allocation and responsibilities resided within two separate departments.

Control measures: Internal resource allocation and responsibilities have moved to one department - Information Assurance & Security Team. Their objective is to manage the General Data Protection Regulation compliance plan and work towards implementation of control measures. Procurement process underway to source a General Data Protection Regulation subject matter expert to oversee a compliance implementation plan.

3.3 Amended risks

No risks amended.

3.4 Risks removed

No risks removed.

4. **LEGAL IMPLICATIONS**

There are no direct legal implications arising from this report. Existing control measures in place are operating effectively to help DSFRS meet its legal requirements, and other risks also refer to controls that will reduce the risk of legal challenge.

5. **FINANCIAL IMPLICATIONS**

There are no direct financial implications. However, many of the risks relate to financial issues.

**SARAH ALLEN**  
**Area Manager – Organisational Assurance**

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# Agenda Item 9

<b>REPORT REFERENCE NO.</b>	<b>APRC/17/18</b>
<b>MEETING</b>	<b>AUDIT &amp; PERFORMANCE REVIEW COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>12 SEPTEMBER 2017</b>
<b>SUBJECT OF REPORT</b>	<b>AUTHORITY POLICY FOR REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)</b>
<b>LEAD OFFICER</b>	<b>Director of Corporate Services</b>
<b>RECOMMENDATIONS</b>	<p><i>(a). That the revised Authority Policy for the Regulation of Investigatory Powers Act (RIPA), as set out at Appendix B to this report, be approved;</i></p> <p><i>(b). That a report be submitted to a future meeting as necessary on any recommendations stemming from the forthcoming RIPA inspection to be undertaken by the Office of the Surveillance Commissioners (OSC);</i></p> <p><i>(c). That, notwithstanding (b), a report reviewing the current RIPA policy be submitted to this Committee in twelve months' time; and</i></p> <p><i>(d). That, subject to (a) to (c) above, the report be noted.</i></p>
<b>EXECUTIVE SUMMARY</b>	<p>The Regulation of Investigative Powers Act 2000 (RIPA) requires the Authority to have in place an approved policy on procedures and processes to be followed in the event of wishing to use certain covert investigatory techniques. The Authority approved an initial policy at its meeting on 17 December 2014, when it also delegated responsibility for the policy to this Committee (Minute DSFRA/36 refers).</p> <p>Subsequently, new Codes of Practice were published and a revised Policy, reflecting these and comments made in the most recent Annual Report by the Office of the Surveillance Commissioners, approved by this Committee at its meeting on 6 February 2015 (Minute *APRC/18 refers).</p> <p>Following adoption of the revised Policy, the Service was subject to an OSC inspection to assess its RIPA policy and procedures. The recommendations from this inspection (see Appendix A to this report) have now been incorporated into a revised policy, the draft of which is attached at Appendix B for consideration with a view to approval.</p>

<b>RESOURCE IMPLICATIONS</b>	<p>There is a requirement to ensure:</p> <ul style="list-style-type: none"> <li>• that officers involved in the formal RIPA process (including applicants and authorising officers) receive appropriate training relevant to this task; and</li> <li>• that sufficient, Service-wide awareness-raising is undertaken to promote understanding of the correct processes to be followed to obtain RIPA authorisation, should this be required.</li> </ul> <p>Any costs associated with the above will be met from within existing resources.</p>
<b>EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)</b>	<p>The contents of this report are considered compatible with existing human rights and equalities legislation.</p>
<b>APPENDICES</b>	<ol style="list-style-type: none"> <li>1. Summary of recommendations and Advisory Comments from 2015 Office of the Surveillance Commissioners RIPA Inspection of the Authority.</li> <li>2. Draft Revised Authority RIPA Policy.</li> </ol>
<b>LIST OF BACKGROUND PAPERS</b>	<p>Report DSFRA/14/21 (Regulation of Investigatory Powers Act [RIPA] 2000 – Revised Authority Policy) to the full Authority meeting held on 17 December 2014 (and the Minutes of that meeting).</p> <p>Report APRC/15/1 (Regulation of Investigatory Powers Act [RIPA] 2000 – Revised Authority Policy) to the Audit &amp; Performance Review Committee meeting held on 6 February 2015 (and the Minutes of that meeting).</p>

## **1. BACKGROUND**

- 1.1 The Regulation of Investigatory Powers Act 2000 (RIPA) sets out a regulatory framework for the use by specified public authorities (including combined fire and rescue authorities such as the Devon & Somerset Fire & Rescue Authority) of covert investigatory techniques which might otherwise infringe legal rights to privacy and respect for family life. RIPA limits authorities to using three, defined covert techniques. Use of any one of these techniques is subject to prior authorisation by an authorising officer or other designated person.
- 1.2 This Authority has no history of using the covert investigatory techniques covered by RIPA and there is no expectation that there will be a need to use them in the future. Instead, it is anticipated that the Authority will invariably be able to gather all the information required for its statutory functions without covert information gathering.
- 1.3 Nonetheless, the Authority is still required to have in place a policy setting out minimum requirements to be complied with in the unlikely event that it is necessary to use RIPA provisions. The policy is intended to provide protection for the Authority, individual officers using RIPA provisions and those subject to or otherwise affected by the process. The terms of the protection are based on necessity, proportionality and the authorisation given in relation to a particular investigation.
- 1.4 At its meeting on 17 December 2014, the Authority approved a revised RIPA policy reflecting certain legislative changes. At the same time, the Authority resolved to delegate ongoing responsibility to this Committee (Minute DSFRA/36 refers). In turn, this Committee approved a further, revised policy (amended to reflect new Codes of Practice and the contents of the most recent annual report from the Office of the Surveillance Commissioner [OSC]) at its meeting on 6 February 2015.
- 1.5 Since that time, the Authority has been subject to an inspection of its RIPA policy and procedures by the Office of the Surveillance Commissioner (OSC). The OSC oversees the conduct of covert surveillance and covert human intelligence sources by public authorities in accordance with the Police Act 1997 and the Regulation of Investigatory Powers Act 2000 (RIPA). As part of this role, the OSC undertakes periodic inspections of public authorities (including this Authority).

## **2. OUTCOME OF LAST INSPECTION AND REVISIONS TO AUTHORITY POLICY**

- 2.1 The OSC last inspected the Authority early in 2015. The OSC report resulting from that inspection identified that recommendations from the previous inspection (conducted in 2012), which included, amongst other things, revisions to the [then] policy and the appointment (designation) and training of relevant officers to discharge roles required by the process (applicants and authorising officers) had all been implemented satisfactorily and as such were considered as “discharged”.
- 2.2 The OSC inspection report from 2015 commented:
- “The RIPA policy document was reviewed in January 2015. It is well composed and informative. A number of issues were identified during the inspection in relation to the document which requires further amendment to ensure that it is fully in accordance with the Covert Surveillance and Property Interference Code of Practice and the extant OSC Procedures and Guidance 2014”.*

- 2.3 The OSC comments that the Authority's policy was "well composed and informative" are to be welcomed – particularly in the context that this is something in which the Authority has no history of using and would not anticipate ever having to do so.
- 2.4 Appendix A sets out the "further amendments" either recommended or advised in respect of the policy and associated procedures, together with commentary on how these issues have been addressed. It should also be noted that, in undertaking appropriate revisions to the policy, consideration has been given to the extant (2016) version of the OSC Procedures and Guidance.
- 2.5 In addition to responding to the recommended/advisory aspects from the last OSC inspection, the opportunity has also been taken to clarify the section of the policy dealing with the acquisition of communications data to indicate, amongst other things, that this is subject to pending legislative change. A copy of the draft revised Policy is attached at Appendix B for consideration and approval.
- 2.6 The OSC has recently written to the Authority advising that, for a several reasons including reduced resources and that certain authorities (such as this Authority) have not needed to utilise RIPA procedures over the last three years (if at all), the Chief Surveillance Commissioner had decided to adopt a more flexible approach to inspection arrangements. In the first instance this will entail completion of a questionnaire and submission of relevant documentation, via e-mail, to the OSC. The OSC will then assess this return and determine either:
- that no visit by an inspector is necessary; or
  - that further information or documentation is required before a final decision about a visit is made, or
  - that a visit should be undertaken.
- 2.7 It is proposed that, following any decisions taken at this meeting, the questionnaire and relevant documentation (i.e. the Authority's RIPA policy) will be forwarded to the OSC. The outcome of this will be reported in due course to a future meeting of this Committee and it is also intended that, notwithstanding this, a report reviewing the policy and its application be submitted to this Committee in twelve months' time.

**MIKE PEARSON**  
**Director of Corporate Services**

**Recommendations from 2015 Office of the Surveillance Commissioner (OSC)  
Inspection Report**

*The D & S FRS Regulation of Investigatory Powers Act 2000 (RIPA) 'Corporate Services Policy Document' should be amended to include the following detail:*

- (a). *A pagination issue should be addressed. In addition, paragraphs would benefit from being numbered for each of reference.*

**Comment**

Pagination has been addressed and an auto-generated Table of Contents inserted. Section paragraphs have been numbered.

- (b). *Section 3 – statutory considerations of necessity and proportionality should be aligned to Notes 72 – 74 of the OSC Procedures and Guidance 2014.*

**Comment**

This part of Section 3 has been rewritten to reflect Notes 72 – 74 of the OSC Procedures and Guidance 2016 dealing with necessity and proportionality.

- (c). *Section 3 – there is reference to 'collateral intrusion' but nothing in respect of the statutory obligation to minimise it.*

**Comment**

This part of Section 3 has been expanded to reflect the requirement to avoid or minimise collateral damage and the need to assess the likelihood of collateral intrusion (and the factors the assessment should take into account).

- (d). *Section 4 – makes no reference to grounds for an 'urgent oral' authorisation or the process involved (Paragraphs 5.5, 5.6 and 3.28 [bullet point 3] of the Code of Practice [Surveillance] refers).*

**Comment**

Section 4 has been amended to include the reasons for and process involved in obtaining an urgent oral authorisation.

- (e). *Section 4 – statutory time limits should read 'less one day at 23:59 hours'.*

**Comment**

This amendment has been incorporated.

- (f). *Section 4 also states that 'at the expiry of an authorisation it must be formally cancelled'. This is not correct. An authorisation must be cancelled as soon as the need for the surveillance no longer exists. Authorisations should either be cancelled or renewed; not 'expire'.*

**Comment**

This part of the Section has been amended to reflect that authorisations must be cancelled as soon as the need for surveillance no longer exists.

- (g). Section 4 in relation to CHIS refers to a ‘handler’. There is no reference to the role of ‘Controller’ (Section 29[5][b] RIPA 2000) or a person responsible for maintaining ‘source records’ as required by SI 2000/2725 documented at Section 29[5][c] RIPA 2000. It may be wise, rather than go into such detail in the policy document, that the issue is flagged for prompt legal advice.

**Comment**

This part of the Section has been redrafted to reference the three roles of “handler”, “controller” and “source records” keeper.

- (h). Section 5 – Record keeping – should state that original documents are to be forwarded to the RIPA Co-ordinator for central filing.

**Comment**

This amendment has been made.

- (i). Section 5 – Records that disclose the true identity of a CHIS should be securely stored separately from other documentation.

**Comment**

This amendment has been made.

*RIPA should be included as part of the ongoing professional development of staff who may need to use the legislation. There would be clear benefit in some sort of practical exercise that would demonstrate what should be written on the RIPA forms.*

**Comment**

Since drafting the initial Service policy and the subsequent inspection in 2015, organisational changes have resulted in a requirement to amend the lists of both RIPA applicants and authorising officers. This will in turn generate a training requirement for newly-identified applicants and authorising officers. This training is in the process of being sourced and, once arranged, will also be offered by way of a “refresher” for other officers associated with the Authority’s RIPA regime (as indicated at the Appendix to the policy).

It is intended that this training should address the practicalities of completion of RIPA forms. Thereafter, consideration will be given to the provision of annual “light touch” RIPA refresher sessions for those officers associated with the Authority’s RIPA regime.

**Advisory comments from 2015 Office of the Surveillance Commissioner (OSC) Inspection Report**

*It is advised that a “tab” is created on the Central Record to include the detail required at paragraph 7.1 of the Covert Human Intelligence Source (CHIS) Code of Practice and a further “tab” to include details of any non-regulated surveillance conducted for non-core functions of the Service.*

**Comment**

A separate “tab” has been created on the Central Record to include details of any non-regulated surveillance conducted for non-core functions of the Service. Additionally, the opportunity has been taken to amend paragraph 1.5 of the Service policy to indicate that, for non-RIPA surveillance, the Authority has in place a similar process to document consideration of human rights principles in the interests of professional and ethical investigation, fairness and transparency.

In relation to Covert Human Intelligence Source (CHIS) activities, the relevant Code of Practice provides, at paragraph 7.1:

*A centrally retrievable record of all authorisations should be held by each public authority. These records need only contain the name, code name, or unique identifying reference of the CHIS, the date the authorisation was granted, renewed or cancelled and an indication as to whether the activities were self-authorised.*

A separate “tab” has also been created on the Central Record to detail, in respect of Covert Human Intelligence Sources on which the following data should be entered:

- (a). The unique reference number of the CHIS and any code name that may have been applied;
- (b). The date the authorisation was granted, renewed or cancelled;
- (c). An indication of whether the activities were self-authorised.

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# **Regulation of Investigatory Powers Act (RIPA)**

**DEVON & SOMERSET  
FIRE & RESCUE  
SERVICE**

**Corporate Services Dept.  
Service Policy  
Document**

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## **Summary of Main Changes:-**

The main changes to this policy are as a result of:

- Codes of Practice providing guidance on the Regulation of Investigatory Powers Act 2000 for Covert Surveillance and Property Interference and Covert Human Intelligence Sources approved by parliament on 10 December 2014
- Office of Surveillance Commissioners Annual Report 2013-2014 and, in particular, covert use of social media for investigations
- Office of Surveillance Commissioners Procedures and Guidance December 2014
- Change of ownership of the policy from Corporate Communications to Corporate Services
- Revisions recommended from 2015 Office of Surveillance Commissioner's (OSC) Inspection incorporated
- Incorporation of comment on implications for acquisition of communications data of the Investigatory Powers Act 2016

# Regulation of Investigatory Powers Act (RIPA)

DEVON & SOMERSET  
FIRE & RESCUE  
SERVICE

Corporate Services Dept.  
Service Policy  
Document

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## Document Purpose:-

The purpose of this document is the dissemination of the Regulation of Investigatory Powers Act 2000 (RIPA) policy, procedures and related guidance.

NOTE – If you are reading a paper copy of this document it may not be the most up to date version. For the latest version view the information on the Service website or intranet.

## Document Status:-

Ownership:	Corporate Services
Originating Date:	December 2014
Review Date:	August 2017
Next Review or Amendment:	January 2019
Key Consultees:	Executive Board

## Further Information:-

Mike Pearson  
Director of Corporate Services  
[mpearson@dsfire.gov.uk](mailto:mpearson@dsfire.gov.uk)

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## Cross-References:-

Appropriate Use of Social Media and Electronic Communications DSFRS Policy  
Regulation of Investigatory Powers Act 2000  
Human Rights Act 1998  
Data Protection Act 1998  
Freedom of Information Act 2000  
The Regulation of Investigatory Powers (Communications) Order 2003  
Protection of Freedoms Act 2012  
The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012  
The Regulation of Investigatory Powers (Covert Human Intelligence Sources: Matters Subject to Legal Privilege) Order 2013  
The Investigatory Powers Act 2016

# ***Regulation of Investigatory Powers Act (RIPA)***

## **POLICY STATEMENT**

- A. The Regulation of Investigatory Powers Act 2000 (RIPA) provides a framework for the control and supervision of investigatory powers exercised by specified public bodies, including Devon & Somerset Fire & Rescue Service (the Service), in order to balance the need to protect privacy of individuals particularly in light of the Human Rights Act 1998.
- B. RIPA provides a statutory basis for the procedure, authorisation and use of covert surveillance, agents, informants and undercover officers. It regulates the use of these techniques and safeguards the public from an unnecessary invasion of their privacy.
- C. The Authority is committed to ensuring that the necessary control and supervision of investigatory powers are in accordance with RIPA and other relevant legislation.
- D. The Authority requires all Service employees to be aware of its contents and to comply fully with this policy and any related policy.

## **COMPLIANCE STATEMENT**

- A. The Authority will not discriminate against any persons in the application of this policy or any subordinate procedures.
- B. This policy is OPEN under the Freedom of Information Act 2000.

# **Regulation of Investigatory Powers Act (RIPA)**

## **KEY INFORMATION**

- A. The intention of RIPA is to ensure that the relevant investigatory powers are used in accordance with human rights.
- B. RIPA introduces:
- Lawful purposes for which the investigatory powers can be used
  - Formal authorisation of the use of any of the investigatory powers,
  - The means of redress for individuals in the event of lack of compliance
- C. RIPA sets out the procedures that must be followed before making use of:
- covert, directed surveillance techniques;
  - covert human intelligence sources; or
  - acquisition of communications data
- D. Please note applications to use covert techniques covered by RIPA must be made using the appropriate Home Office forms in conjunction with a completed risk assessment and such application must be approved by one of the designated relevant 'Authorising Officers'. Further details in respect of the application, the necessary Home Office forms and the designated Authorising Officers are set out further below including the relevant links.
- E. RIPA is available to the Authority only when carrying out its core functions as a fire and rescue authority. Neither the Authority nor the Service has any historical record of using their relevant investigatory powers covered by RIPA and it is not envisaged there will be a need to do so in future. The Authority is required, however, to have a policy in place to deal with that eventuality should it arise.
- F. The use of social networks as a means of communication may be used by public bodies for investigatory purposes and may invoke a potential for covert use. The Office of the Surveillance Commissioners consider that such social networks, although made publicly available, may be considered as private. Consequently, the repeat viewing of individual "open source" sites for the purpose of intelligence gathering and data collection should be considered within the context of the protection that RIPA affords to such activity.
- G. The Authority needs to ensure that its officers are fully aware of RIPA, the policy and procedure associated with it and provide any relevant training required.
- H. If you require interpretation in respect of this policy, please seek further guidance from the Director of Corporate Services, the Democratic Services & Corporate Support Manager or the Corporate Communications Manager.

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# **Regulation of Investigatory Powers Act (RIPA)**

## **1. INTRODUCTION**

- 1.1. The Human Rights Act (HRA) 1998 was introduced to give effect to the European Convention on Human Rights (ECHR) and came into force in October 2000. The HRA imposes a duty upon public authorities to act in ways that are compatible with human rights under the ECHR. Failure to do so may enable a person to seek compensation against the Authority or to use any failure as a defence in any proceedings that the Authority may bring.
- 1.2. RIPA sets out procedural rules to enable specified public authorities to use covert investigatory techniques which might otherwise infringe legal rights to privacy and respect for family life under the HRA. In particular, these rules govern when and how covert surveillance, covert individuals and acquisition of communications can be used. The Authority is included in the list of public authorities which can rely on RIPA.
- 1.3. As noted above, the Authority has no history of using the covert investigatory techniques covered by RIPA and there is no expectation that there will be a need to use them in the future. It is anticipated that the Authority will usually be able to gather all the information required for its statutory functions without covert information gathering techniques. This policy does not change this position. If the Authority was to ever use the powers under RIPA a fair balance must be drawn between the public interest and the rights of individuals.
- 1.4. The purpose of this document is to:
  - (a) reinforce advice to officers that the use of covert investigatory techniques should be avoided in most circumstances; and
  - (b) ensure that, should the unforeseen and exceptional eventuality arise when reliance on RIPA is needed, there will be a clear procedure for handling its use.
- 1.5. The protection of RIPA is available to the Authority only when carrying out its core functions as a fire and rescue authority. RIPA does not apply to the ordinary general functions carried out by the Authority e.g. staff disciplinary or contractual issues. Another legal basis for avoiding infringing rights to privacy would be needed in those circumstances and for non-RIPA surveillance the Authority has in place a similar process to document consideration of human rights principles in the interests of professional and ethical investigation, fairness and transparency.

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- 1.6. This document is intended to ensure that the Authority's policy, practice and procedure are in line with the codes of practice and guidance issued under RIPA. In any proposed utilisation of RIPA powers, reference should be made to the codes of practice and guidance published on the Home Office website, by the Office of Surveillance Commissioners (OCS) and by the Interception of Communications Commissioners Office (ICCO). Links to documentation referred to in this Policy are shown the appendix, where such documentation is publicly available.

### **2. ACTIVITIES AND DEFINITIONS COVERED BY RIPA**

- 2.1 There are three forms of covert intelligence gathering that are covered by RIPA and potentially available to the Authority: (1) Directed Surveillance; (2) Covert Human Intelligence Sources and (3) Acquisition of Communications Data.
- 2.2 Directed Surveillance and Covert Human Intelligence Sources are governed by the Office of the Surveillance Commissioners (OCS). There is an inspection of the Service every three years as a means of external independent oversight.
- 2.3 The Interception of Communications Commissioners' Office (ICCO) has oversight of the regulatory regime of this part of RIPA. The acquisition of Communications Data is dealt with in section 7 on page 14 at the end of this policy.

#### **Directed surveillance is:**

- Surveillance (i.e. monitoring, observing or listening to people or their movements, conversations or other activities);
  - which is covert (i.e. done in a manner to ensure that the subject is unaware that it is taking place);
  - that is carried out in relation to a specific investigation or operation (i.e. not as routine observations of people or an area in general); and
  - which is likely to result in obtaining private information about any person (i.e. any information about a person's private or family life including names, phone numbers or even business relationships).
- 2.4 It does not include circumstances where this is done by way of an immediate response to events (as it would not be practicable for that to have prior authorisation).
- 2.5 Any covert surveillance of what takes place in residential premises or a private vehicle is deemed as "intrusive surveillance" and outside what the Authority may lawfully do even under RIPA. For the avoidance of doubt, the Authority cannot undertake intrusive surveillance.

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- 2.6 Overt and sign-posted use of CCTV cameras (on premises or on vehicles) is not Directed Surveillance because it is neither covert nor carried out in relation to a specific investigation or operation. Covert use of hidden CCTV cameras may be Directed Surveillance but only if this were part of a specific investigation or operation rather than the usual placing of cameras for general surveillance.

### **Covert Human Intelligence Sources**

- 2.7 A Covert Human Intelligence Source (CHIS) is somebody who:
- establishes or maintains a personal or other relationship with a person:
  - Either for the covert purpose of obtaining information (i.e. any information whether private or not);
  - Or for the purpose of covertly disclosing information obtained by the use of such a relationship
- a) “Covert” means in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the use of the relationship or disclosure of information.
- b) A CHIS must also have a relationship with another party. So a stranger to the subject who has been asked to “keep an eye” on comings and goings from particular premises would not be a CHIS as they have no relationship that provides the information (but they might need to be authorised for Directed Surveillance).
- c) The need for a CHIS authorisation is not limited to cases where someone has been tasked with obtaining information. It is the activity of the CHIS in exploiting a relationship for a covert purpose which is ultimately authorised by the 2000 Act, whether or not that CHIS is asked to do so by a public authority. A member of the public who voluntarily provides information obtained by covert means on a regular basis may be a CHIS. The Authority would owe that person a duty of care and must consider whether using the information provided might place the person at risk.
- d) No CHIS authorisation is needed where there is another legal basis for a person to report information covertly (e.g. a professional duty to comply with regulations).
- e) Any type of relationship could be covered, e.g. a customer of a business. Statutory guidance suggests that a simple “one-off” transaction may not be sufficient interaction to constitute a “relationship”, and that more extensive engagement between the two parties would be needed, e.g. for the CHIS to be a regular buyer of “under the counter” goods from a certain supplier.



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## 3. WHEN RIPA PROCEDURES CAN BE USED

- 3.1 RIPA can be relied on only in carrying out the Authority's specific functions as a fire and rescue authority e.g. it is potentially available to help in statutory fire safety work. The RIPA regime is concerned only with the regulation of certain investigatory powers and not with "ordinary functions" such as the regulation of employees or of suppliers and service providers.

### **Necessity**

- 3.2 Prior to authorising any request for covert surveillance under RIPA, an Authorising Officer must be satisfied that the use of covert surveillance is necessary for one of the purposes specified in Section 28(3) of RIPA (the "necessity" test). For a fire and rescue authority, these purposes are:

- the prevention or detection of crime;
- preventing disorder; or
- in the interests of public safety;

To satisfy the necessity test, the conduct which the covert surveillance is intended to prevent or detect **must** be identified and clearly described in both the application and the authorisation.

### **Proportionality**

- 3.3 The "proportionality" test is a key concept of RIPA. It is a critical judgement that can only properly be reached once all other aspects of an authorization have been fully considered. Proportionality is about:
- Balancing the effectiveness of covert over overt methods; **and**
  - Explaining why the particular covert method, technique or tactic is most appropriate.
- 3.4 In authorising a request for covert surveillance, an Authorising Officer **must** clearly record and evidence how they have reached the conclusion that that the activity is proportionate to what it seeks to achieve, including an explanation of the reasons why the method, technique or tactic proposed is not disproportionate (the proverbial "sledgehammer to crack a nut"). It will be insufficient to make a simple assertion or say that the seriousness of the issue justifies any or every method available. Similarly, it may be unacceptable to advance lack of resources or a potential cost saving as sufficient grounds to use a technological solution which could be more intrusive than a human being.
- 3.5 A methodical approach must be adopted to satisfy the "proportionality" test involving:
- (a) consideration of whether information could be gathered by alternative, overt means (e.g. evidence of non-compliance with fire regulations might be obtained from a well-timed unannounced visit to inspect rather than by covert surveillance) and providing evidence of other methods considered and why they were not implemented;

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- (b) demonstrating that the activity is an appropriate use of the legislation and the only reasonable way, having considered all others, of obtaining the necessary result;
- (c) balancing the size and scope of the proposed activity against the gravity and extent of the possible crime (or other harm) being investigated;
- (d) explaining how and why the methods to be adopted will cause the least possible intrusion on the target and others (see also collateral intrusion below)
- (e) considering whether there is a risk of confidential information being revealed. The codes of practice identify confidential personal information, confidential information held for the purposes of journalism, confidential information passing between an MP and a constituent and confidential information concerning spiritual/religious counselling as well as information that is legally privileged i.e. passing between a person and a legal advisor. If there is a risk of revealing information that is legally privileged, specific legal advice is required.

### ***Collateral Intrusion***

- 3.6 Every effort must be made to avoid or minimise “collateral intrusion” i.e. any interference with the privacy of a third party who is not the subject of the covert activity. This might include family members, customers or other associates of the subject.
- 3.7 All applications for authorisation must include an assessment of the risk of collateral intrusion and details steps to be taken either to avoid entirely or minimise any collateral intrusion. This assessment should include consideration of the following factors:
- Timing of the surveillance;
  - Amount of surveillance;
  - Method of surveillance;
  - Sensitivities of the local community; and
  - Operations by other public authorities.
- 3.8 The Authorising Officer must take account of the assessment when considering the proportionality of the proposed surveillance.
- 3.9 Finally, it must be stressed that RIPA can be relied on only where it is exercised in accordance with due process. This means that the procedure in this policy must be followed and the Authority must also comply with all relevant Codes of Practice, Procedures and Guidance Notes.

## **4. THE AUTHORISATION PROCESS**

### ***Authorisation process for directed surveillance and covert human intelligence sources***

- 4.1 The covert investigation techniques covered by RIPA can only be used with the appropriate authorisation approval in place. This authorisation process is outlined below.
- 4.2 The first step is for investigating officers to consider for themselves whether the use of a covert investigation technique is necessary and proportionate. A full written record of this preliminary consideration by way of a risk assessment should be made and retained by the investigating officer.
- 4.3 It is envisaged that this self-assessment will invariably show that covert investigation is avoidable as alternatives are available. If so, the matter ends there.
- 4.4 If it continues to appear covert surveillance is necessary and proportionate an application for approval should be made only by designated RIPA Applicants on the appropriate Home Office form. The links to each individual Home Office form as part of the authorisation process are contained within Appendix A.
- 4.5 Applications for authorisation are to be made to the Authority's designated relevant RIPA Authorising Officers.
- 4.6 The Authorising Officer will decide whether to authorise the use of one of the RIPA techniques and on what terms (if any) they may be used.
- 4.7 Authorisations should normally be in writing except that in urgent cases they may be given orally by an Authorising Officer. A case will only be urgent if the time taken to apply in writing would, in the judgement of the person giving the authorisation, be likely to endanger life or jeopardise the investigation or operation for which the authorisation was being given. An authorisation is not to be regarded as urgent where the need for an authorisation has been neglected or the urgency is of the Authorising Officer's or applicant's own making.
- 4.8 All urgent, oral authorisations must subsequently be recorded in writing, as soon as is reasonably practicable after the authorisation, by both the Authorising Officer concerned and the applicant. This written record should include those details that would otherwise be required for a written application. The Authorising Officer should also ensure that details of the urgent oral authorisation are entered on the Central Register.
- 4.9 Details of designated RIPA Applicants and Authorising Officers can be found at Appendix B to this document.

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## **NO COVERT SURVEILLANCE CAN BEGIN UNTIL AUTHORISED IN WRITING (OR, IN URGENT CASES ONLY, ORALLY)**

- 4.10 Any authorisation must be time limited for a set period from the date of the approval as follows:
- |                         |  |
|-------------------------|--|
| Directed Surveillance – | 3 months (less one day at 23.59hours)  |
| CHIS -                  | 12 months (less one day at 23.59hours) |
- 4.11 In addition, when granting authorisation the Authorising Officer must set an appropriate review date (which must not be longer than one month). The Authorising Officer must review the continuing need for the authorisation on the review date – any authorisation should not last longer than is justified by the “necessary and proportionate” test and an authorisation must be cancelled early if a review shows it is no longer justified. If, on review, an authorisation is allowed to continue in force then a further review date must be set.
- 4.12 Authorisations **must** be cancelled, formally, by the Authorising Officer as soon as the need for the covert surveillance no longer exists – authorisations should not simply allowed to lapse. Again, the appropriate Home Office form is to be used for this. An authorisation may be renewed by a further application to the Authorising Officer on the appropriate form. If so, it will be necessary to show that the tests in this policy continue to be satisfied. In any case the Authorising Officer must continue to ensure appropriate and regular reviews of the authorisation.
- 4.13 Additionally, when authorising a CHIS the Authorising Officer must ensure before granting an authorisation that the following roles are in place:
- a “handler” who will have day-to-day contact with the source and general oversight of them. The “handler” directs the source’s day-to-day activities, records information supplied by the source and monitors the source’s welfare and security;
  - a “controller” responsible for management and supervision of the “handler” and who also has general oversight of the use made of the source, therefore providing further oversight and scrutiny; and
  - an individual responsible for maintaining records of each source, the records to contain those particulars as specified in regulations made by the Secretary of State (currently the Regulation of Investigatory Powers [Source Records] Regulations 2000 [SI 2000/2725]). For the avoidance of doubt, legal advice should be sought during any CHIS application process as to the “source records” to be maintained.

- 4.14 Officers seeking a CHIS authorisation must include in the application an assessment of the personal, operational and ethical risks of using the CHIS, including the likely consequences to the CHIS of the role becoming known. This assessment must be kept with the other records of the authorisation in accordance with record keeping below.
- 4.15 The Authorising Officer will not authorise as a CHIS anyone who is:
- (a) a vulnerable adult (i.e. a person who may need community care services by reason of mental or other disability, age or illness and may be unable to take care of him/herself or protect him/herself from harm or exploitation); or
  - (b) under the age of 18.
- 4.16 It should be noted that this RIPA process establishes no more than that the covert operation would be lawful. Officers must ensure that all other appropriate planning and risk assessments are also in place.
- 4.17 For the avoidance of doubt, the Protection of Freedoms Act 2012 requires certain local authorities, once they have approved RIPA authorisation internally, to then obtain judicial approval to that authorisation. The definitions of “local authority” contained in that Act, however, do NOT extend to combined fire and rescue authorities and so this stage is not required for any RIPA authorisation granted in accordance with this policy prior to the covert surveillance commencing.

## **5. RECORD KEEPING**

- 5.1 The Senior Responsible Officer (SRO) is a senior manager with oversight of compliance with RIPA. The SRO has overall responsibility for:
- a) the integrity of the policy for managing RIPA;
  - b) Compliance with RIPA and the codes of practice;
  - c) dealing with external inspectors as appropriate, including monitoring the implementation of any post-inspection action plans.
- 5.2 Authorising Officers must:
- (i) retain a copy every completed form in respect of each:
    - authorisation approved by them
    - review
    - renewal; and
    - cancellation

- (ii) pass ***the originals of each of the above forms*** to the RIPA Co-ordinator who will maintain a central register with unique reference numbering of all requests and authorisations for covert surveillance under RIPA over at least the previous three years. This register must also include applications refused, stating the reasons for any refusal.
- 5.3 For a CHIS, records must be securely stored separately from other documentation. The records must be retained for at least five years and should contain the following information:
- a) the actual identity of the CHIS;
  - b) the identity used by the CHIS if any;
  - c) the unique identifying reference number (and code name, if applicable) used for the CHIS;
  - d) any other investigating authority involved, and the means by which that authority identifies the CHIS;
  - e) any information significant to the security and welfare of the CHIS;
  - f) any confirmation by an officer authorising a CHIS that the relevant information has been considered and any identified risks been properly explained and understood by the CHIS;
  - g) when and how the CHIS was recruited;
  - h) the identities of the handler and others authorising activities including times and dates when they were authorised;
  - i) the tasks given to sources and any demands made by the source in relation to his or her activities;
  - j) all contacts and communications between the source and the handler;
  - k) any information obtained from the source and any dissemination of it;
  - l) any payment, benefit or reward provided to the source.
- 5.4 The originals of these records should be passed as soon as is practicable to the RIPA Co-ordinator who will maintain a centrally retrievable record of CHIS authorisations identifying the following:
- a) The unique reference number of the CHIS and any code name that may have been applied;
  - b) The date the authorisation was granted, renewed or cancelled;
  - c) An indication of whether the activities were self-authorised.

## **6. OVERSIGHT AND REVIEW**

- 6.1 The SRO maintains general oversight of the Authority's use of RIPA and compliance with legal requirements and the codes of practice.

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- 6.2 The Surveillance Commissioners and Interception of Communications Commissioner provide external oversight and from time to time may inspect the Authority's policies, procedures and practice in regard to RIPA. The SRO has a duty to ensure the reporting of any errors in the use of RIPA to the relevant commissioners and to ensure any remedial actions required by the commissioners are taken.
- 6.3 In accordance with those codes, the Authority is required to review the policy on the use of RIPA at least annually, with this review to include details (in an anonymised form) of any use by the Authority of RIPA. This is to ensure the Authority is able to judge whether the policy is being applied appropriately. For the avoidance of doubt, individual Members of Authority have no role in authorising or refusing any particular application to use RIPA procedures.

### **7. ACQUISITION OF COMMUNICATIONS DATA**

**NOTE:** The Investigatory Powers Act 2016 contains provisions to restrict, for fire and rescue authorities, authorisations to acquire communications data to only those purposes necessary to prevent death or injury or any damage to a person's physical or mental health, or of mitigating any injury or damage to a person's physical or mental health. Although the Act has received Royal Assent, at the date of drafting this document the Commencement Order to bring these provisions into force had not been made. Consequently, prior to making any application for the acquisition of communications data, further advice should be sought of the current legal position.

- 7.1 A third technique of covert investigation available to the Authority under RIPA is communications data. Communication Data is the 'who', 'when' and 'where' of a communication, but not the 'what' (i.e. the content of what was said or written).
- 7.2 Postal or Communications Service Providers (CSPs) hold certain types of communications data. RIPA gives fire authorities (along with other local authorities) a power to acquire this data. The communications data that can be obtained by fire authorities is strictly limited and appropriate to the situation or investigation being managed.
- 7.3 During the management of an ongoing emergency the control room may acquire, without RIPA authorisation, any communications data required to prevent death or injury or any damage to a person's physical or mental health, or to mitigate any injury or damage to a person's physical or mental health.
- 7.4 Additionally, the Public Emergency Communications Service Code of Practice provides that caller location information not previously supplied (but which would otherwise have been available) may be requested of CSPs for up to one hour after the original emergency call without the need for RIPA authorisation (the "golden hour" rule).

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- 7.5 Once the emergency has passed, however (or if there is an ongoing investigation over a period of time) then for:
- a) the purpose preventing or detecting crime, or preventing disorder;  
or
  - b) in the interests of public safety.

communications data consisting of subscriber information or service use data may be acquired from a CSP as long as the amount, type, and nature of the data acquired is necessary and proportionate in the circumstances.

- 7.6 The Acquisition of Communications Data Code of Practice cites the following as examples of subscriber information and service use data:
- (a) **Subscriber information** – i.e. information about the customer's account: name of the customer who is the subscriber for a telephone number/ e-mail account etc.; account information such as address for billing, delivery or installation; details of payments and bank or credit/debit card details; information provided by the subscriber to the Communications Service Provider such as demographic information or sign up data (other than passwords) such as contact telephone numbers; and
  - (b) **Service Use Data** – i.e. the general ways in which the service was used: periods during which the customer used the service; itemised records of telephone numbers called, internet connections, dates and times of calls, duration of calls, text messages sent and quantities of data uploaded or downloaded; records of postal items, such as records of registered, recorded or special delivery postal items and records of parcel consignment, delivery and collection.

- 7.7 The Authority could not access the content of an individual's communications.

### ***Process for the Acquisition of Communications Data.***

- 7.8 This features three roles:
1. The Applicant;
  2. The Authorising Officer; and
  3. A Senior Point of Contact (SPoC)

Each of these roles should be carried out by a different person.

### ***The Applicant***

- 7.9 This is the person involved in conducting an investigation or operation who makes the application in writing or electronically for the acquisition of communications data. The applicant completes an application form, setting out for consideration by the Authorising Officer, the necessity and proportionality of a specific requirement for acquiring communications data.



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## ***The Authorising Officer***

- 7.10 The Authorising Officer is the individual responsible for considering and authorising any application made for the acquisition of communications data.
- 7.11 In doing so, the Authorising Officer will assess necessity and proportionality (including the potential for unintended consequences) of the application. Before granting the application, the Authorising Officer must take account of advice provided by the SPoC.
- 7.12 In discharging the role of Authorising Officer, it is important that the individual concerned is independent of any operation or investigation related to the application.

## ***The Senior Point of Contact (SPoC)***

- 7.13 To acquire communications data from a CSP, the Authority must make use of a Home Office accredited SPoC
- 7.14 Anyone who is to act as a SPoC must have attended an accredited course and obtained a PIN reference from the Home Office. The PIN reference is produced to the service provider with any request for data in order to confirm the SPoC is able to receive the data lawfully.
- 7.15 The accredited SPoC promotes efficiency and good practice in ensuring only practical and lawful requirements for the acquisition of communications data are undertaken. The role of the SPoC is to provide objective judgement and advice to both the Applicant and Authorising Officer and in so doing provides a “guardian and gatekeeper” function ensuring that the Authority acts in an informed and lawful manner.
- 7.16 The SPoC is responsible for facilitating the handover of any data in accordance with the law including new statistical requirements required to be kept from 1 January 2015 in relation to the Acquisition and Disclosure of Communications Data under Part 1 Chapter 2 of the Regulation of Investigatory Powers Act 2000 (RIPA).
- 7.17 The SPoC will review the application and consider whether:
- (a) it has been properly made in accordance with due process; and
  - (b) it is reasonable practicable or possible to obtain the communications data requested; and
  - (c) If the acquisition should be by use of a notice or authorisation
- 7.18 If satisfied of these the SPoC returns the application to the Authorising Officer for authorisation.

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- 7.19 ***Only when the acquisition has been authorised*** will the SPoC prepare a Notice in the form prescribed by the Home Office to serve on the CSP. The CSP will provide the data to the SPoC.
- 7.20 The handling and storing of that data will also be governed by the Data Protection Act 1998 so regard must also be had to the Service policy on data protection.

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## **APPENDIX A**

### **Surveillance Commissioners**

[Office of Surveillance Commissioners](#)

[Office of Surveillance Commissioners Annual Report 2014](#)

### **Interception of Communications Commissioner's Office**

[Interception of Communications Commissioner's Office](#)

### **Codes of Practice, Procedures and Guidance**

[Codes of Practice](#)

[Office of the Surveillance Commissioners Procedures and Guidance](#)

### **Investigatory Powers Tribunal**

[Investigatory Powers Tribunal](#)

[Investigatory Powers Tribunal Judgments](#)

### **Forms**

#### ***Directed Surveillance***

[Application for the Use of Directed Surveillance](#)

[Renewal of Directed Surveillance](#)

[Review of the Use of Directed Surveillance](#)

[Cancellation of the Use of Directed Surveillance](#)

#### ***Covert Human Intelligence Sources***

[Application for the Use of Covert Human Intelligence Sources](#)

[Renewal of Authorisation to Use Covert Human Intelligence Sources](#)

[Reviewing the Use of Covert Human Intelligence Sources](#)

[Cancellation of Covert Human Intelligence Sources](#)

# **Regulation of Investigatory Powers Act (RIPA)**

***Reporting errors to the IOCCO***

[Reporting an Error by a CSP to the IOCCO](#)

[Reporting an Error by a Public Authority to the IOCCO](#)

# **Regulation of Investigatory Powers Act (RIPA)**

## **APPENDIX B**

### ***Designated Officers***

#### Applicants

Paul Bray	Community Safety Protection Manager
Michelle Purchase	Business Safety Officer
Wendy Endacott	HR Operations Manager
Audrey Gilding deKort	HR Officer (Operations)

#### Authorising Officers

Peter Bond	Area Manager
Neil Blackburn	Area Manager
Steven Pope	HR Manager

#### CHIS Authorising Officers

Lee Howell	Chief Fire Officer
Glenn Askew	Assistant Chief Fire Officer *
Alex Hanson	T/Assistant Chief Fire Officer*

\*in the absence of Lee Howell, Chief Fire Officer and/or as delegated by the Chief Fire Officer

#### Senior Responsible Officer (SRO)

Mike Pearson	Director of Corporate Services
Steve Yates	Democratic Services & Corporate Support Manager **

\*\*in the absence of the Director of Corporate Services and/or as delegated by the Director of Corporate Services

#### RIPA Co-Ordinator

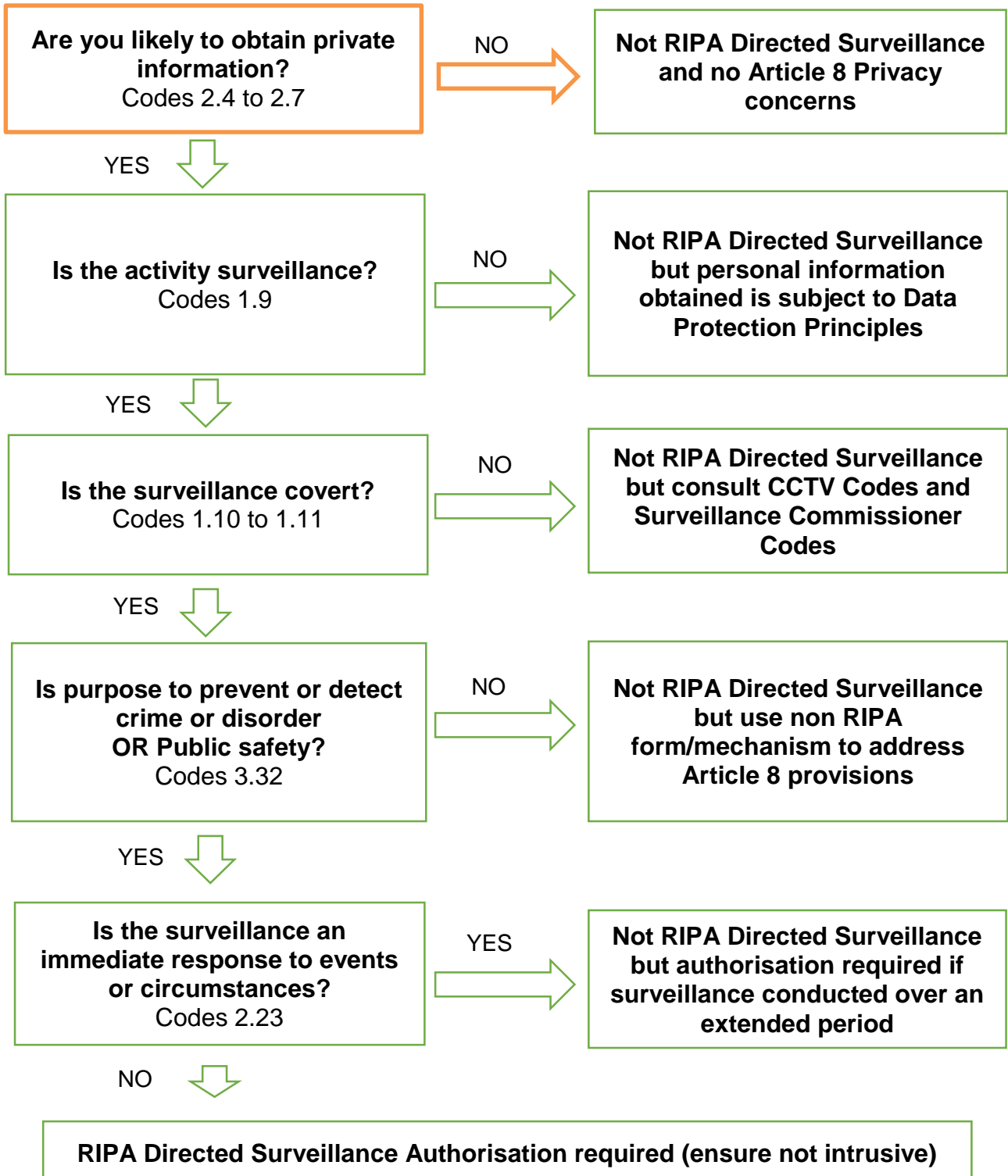
Steve Yates	Democratic Services & Corporate Support Manager
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#### Single Point of Contact (SPoC)

Tieneka Akers	Corporate Communications Manager
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# APPENDIX C

## RIPA Directed Surveillance Decision Chart



# Agenda Item 10

<b>REPORT REFERENCE NO.</b>	<b>APRC/17/19</b>
<b>MEETING</b>	<b>AUDIT AND PERFORMANCE REVIEW COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>12 SEPTEMBER 2017</b>
<b>SUBJECT OF REPORT</b>	<b>DEVON AND SOMERSET FIRE AND RESCUE SERVICE PERFORMANCE REPORT: JULY 2016 TO JUNE 2017</b>
<b>LEAD OFFICER</b>	<b>CFO Lee Howell</b>
<b>RECOMMENDATIONS</b>	<i>That the report be noted.</i>
<b>EXECUTIVE SUMMARY</b>	<p>The Devon &amp; Somerset Fire &amp; Rescue Authority Performance Report for the reporting period of July 2016 – June 2017 (focus Quarter 1, 2017/18) is attached as Appendix A of this report. In this report green is used to represent normal performance, amber to represent performance which may require monitoring and red to represent performance which needs investigation.</p> <p>The key messages within the report are also given green, amber and red ratings which are established through assessing the different types of analysis i.e. performance vs previous year, performance vs previous quarter, trends and performance against normal variation. This method gives a more rounded picture of performance and directs focus more effectively on emerging issues.</p> <p>Commentary is provided direct from those leading on improving performance for areas outlined in the key messages to provide context.</p> <p>The proposed new performance reporting measures are also set out at Appendix B of this report for reference.</p>
<b>RESOURCE IMPLICATIONS</b>	None
<b>EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)</b>	None
<b>APPENDICES</b>	<p>Appendix A - Devon &amp; Somerset Fire &amp; Rescue Authority Performance Report for the reporting period of July 2016 – June 2017.</p> <p>Appendix B – Draft Performance Report of new performance measures.</p>
<b>LIST OF BACKGROUND PAPERS</b>	Devon and Somerset Fire and Rescue Authority Corporate Plan 2013/14 – 2014/15

## **1. INTRODUCTION**

- 1.1. In September 2015, a refresh of the strategic plan was endorsed and as a result, 'Our Plan 2016-2021' was produced based on the three existing Strategic Priorities of:
- Priority 1: Public Safety
  - Priority 2: Staff Safety
  - Priority 3: Efficiency and Effectiveness.
- 1.2. To underpin the strategic priorities, 15 outcomes were established and alongside this, a wider review of internal performance measures undertaken to align them to the Strategic Priorities and Outcomes. At its meeting on 11 April 2016 the Committee received a presentation on development of the new performance measures.
- 1.3. Appendix A to this report shows performance against the old methods, with Appendix B providing an example report, in draft form, of the intended method of reporting against the new performance measures. The new reporting method features Key Performance Indicators (KPI's) for the measures to be reported against, together with information on those meeting the required performance or showing either a positive or negative exception. This style of reporting supports an outcome focused performance rather than a purely quantitative measure. In this way, the Service is better able to demonstrate the effect its activity is having on reducing the risk faced by the communities of Devon and Somerset.

**LEE HOWELL**  
**Chief Fire Officer**





# Performance Report

Audit and Performance Review

Committee: Quarter 1 2017/18





## About this Report

In this report for Devon & Somerset Fire & Rescue Service we examine the dataset for the full year from July 2016 to June 2017.

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

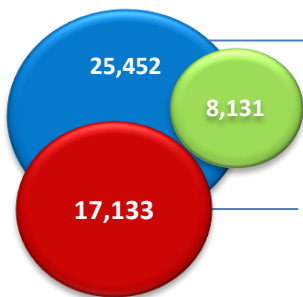
### Contents

The report comprises:

Contents.....	2
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# Executive Summary

## Priority: Public Safety - Response



**Emergency Calls Handled** - in the 12 month period from Jul-16 to Jun-17 DSFRS handled 32,022 emergency calls, 25,452 of these were new incidents.

**Emergency Calls Not Attended** - of the 25,452 unique calls 8,131 (32%) did not result in attendance at an incident. For example, a call may be challenged if it is thought to be malicious or a response may be stood down as it is no longer deemed necessary.

**Emergency Calls Attended** - of these calls 17,321 resulted in a resource attending the incident. DSFRS was responsible for operational management at 17,133 of the incidents.

The information below gives some context around emergency response activities.



### Incidents Attended - Fires



- Primary, 2368 (14%)
- Chimney, 420 (2%)
- Secondary, 1606 (9%)

**Fire incidents are broken down into three high level categories:**

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

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

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

### Incidents Attended - Special Service



- RTC, 1023 (6%)
- Medical Emergency, 2925 (17%)
- Other, 3208 (19%)

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

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

Medical emergencies include **Co-responder incidents** for which DSFRS provide first response on behalf of the South West Ambulance Service Trust (SWAST). There are 19 co-responder stations in DSFRS which use specialist vehicles and equipment. NB due to the Control Room changes in April 2016 these incidents are recorded differently

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

### Incidents Attended - False Alarms



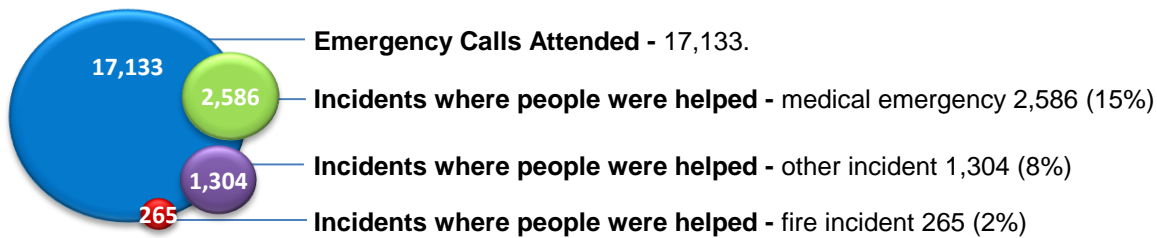
- Malicious, 118 (1%)
- Good Intent, 1502 (8%)
- Apparatus, 3963 (24%)

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

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

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

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



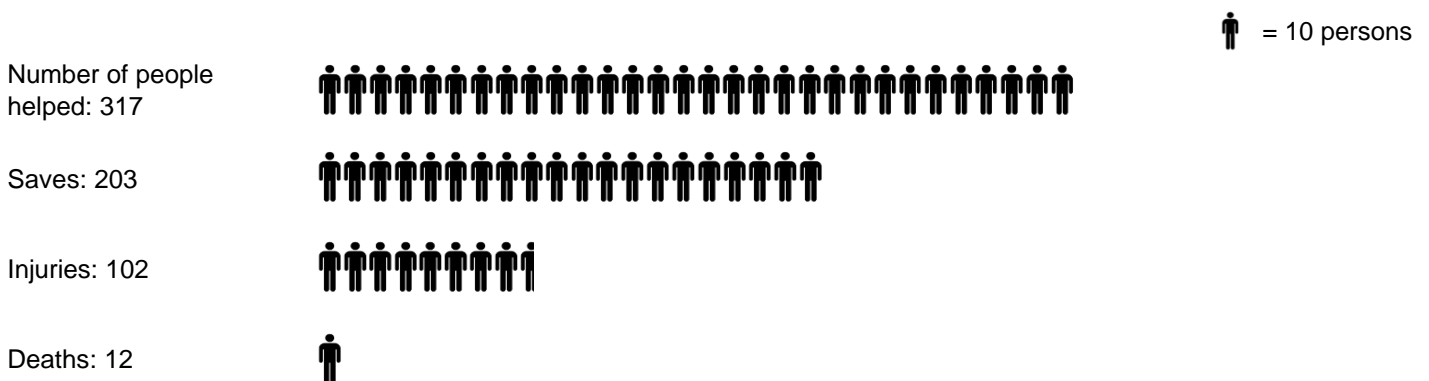
The information below gives some context around the number of people the Service directly helps at emergencies by incident type.

### Fire Related Saves, Injuries and Deaths

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



#### What happened to those who needed help at the 265 fire incidents?



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

##### Prevention Activities

In the 12 months from July 2016 and June 2017 the Service conducted 11,319 targeted Home Safety Visits (this figure includes 'Level 2 Home Fire Safety Visits', 'Replacement Alarm Visits', 'At Property Level 1 Home Fire Safety Checks' and 'Not At Property 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. In addition to the Home Safety Visit activities, between July 2016 and June 2017 the Service undertook 4,631 preventative activities to improve public safety (this figure comprises all Prevention Activities except those relating to Home Safety Visits).

##### Protection Activities

DSFRS has a statutory obligation to ensure that non-domestic premises and public events are compliant with fire safety regulations. Between July 2016 and June 2017 the Service conducted 2,255 fire safety checks, 557 fire safety audits and 5,746 other protection activities to ensure public safety.

### Looking Forward...

This Quarter 1 2017/18 Performance Report shows that all of the current corporate measures require some level of action to be taken to improve performance. Although most of the measures are in the monitoring or amber status of our rating system it is notable that both Measure 2 – Fire related injuries where people live and Measure 4 - Fire related deaths where people work, visit and in vehicles have reached the trigger point of action to be taken and have a red status. Our reaction to these matters are detailed in the relevant sections of the report.

Overall numbers of fire related deaths and injuries continue to be relatively small particularly when seen as a ratio against the actual number of incidents attended. However, the tragic events of the Grenfell Tower fire in London have demonstrated that no fire and rescue service in the United Kingdom can afford to become complacent with regards to prevention, protection and response activity.

These activities are driven by our Integrated Risk Management Plan and the first six months of 2017 have seen a huge amount of work carried out in analysing the risk faced by the communities of Devon and Somerset not just from fire but across a range of issues. We will be bringing forward a new Integrated Risk Management Plan which will set out our ideas for mitigating these risks and making best use of our resources later in 2017.

In line with improving our performance and better understanding the impact of our activity in reducing risk we are continuing to work on the new set of Performance Measures that were agreed by the Fire and Rescue Authority in April of this year. These new measures are outcome focused which enable us to target our work where we can make the most difference to society. We hope to bring these measure on line later this year and run a new performance report alongside this existing document as we move forward.

Devon & Somerset Fire & Rescue Service is the largest non-metropolitan fire and rescue service in England. We provide prevention, protection and response services across the counties of Devon and Somerset (including Torbay and Plymouth), an area of over 10,000 sq km.

We have 85 fire stations, the second largest number in England and 2,300 staff who work to protect the 1.7 million people who live in our service area. This alongside the additional 400,000 people who visit this wonderful part of the country every year.



Making our communities safer is not just about responding to emergencies. The Service undertakes a variety of proactive activities to reduce the risk to our communities in order to prevent them from being in a situation where they require an emergency response.

Our Community Safety Prevention activities are designed to educate the public to make them safer. There are a range of initiatives delivered by the Service and are targeted towards those in our community who will benefit most from our support. These include Home Safety Visits, Road Traffic Collision (RTC) programmes such as The Honest Truth and Schools Visits.

Understanding our communities is key to enabling our prevention activities to be targeted effectively and the Service works with partner agencies and third sector organisations to ensure that our resources are directed to the places where they are needed most.

Our Community Safety Protection activities are designed to ensure that businesses and events comply with the legislation outlined in the Regulators Code (2015). This includes Fire Safety Checks and Audits of commercial premises, Building Regulation Consultations and enforcement activities.

Understanding this report

In this performance report for Devon & Somerset Fire & Rescue Service we examine the dataset for the 12 month reporting period.

The report is structured around the three Service Priorities; Public Safety, Staff Safety and Efficiency and Effectiveness and will primarily focus on corporate performance measures 1 to 8 and Sickness.

However, additional information has been incorporated to give context around the activities undertaken by the Service, this information can be found in the Executive Summary and as supplementary data within the statistics sections of the report.

The key messages identified within the report will be delivered through the commentary sections of the report.

**What will the report show?**

The Service is changing the way that it monitors and manages performance to use a more rounded analysis of data to trigger steps to investigate and prevent escalation of emerging risks.

In previous reports the focus has been solely on performance against previous year and trend analysis. While this is interesting and can provide some useful data what we really need to know is whether the changes the we are seeing are "normal".

In order to understand this we can apply analytical techniques to calculate thresholds which allow us to understand if performance is within normal levels, requires monitoring or requires immediate investigation.

In this report we combine the three methods of analysis to build a rounded picture of performance. Notable performance will be presented in the Executive Summary, with data tables available in the Corporate and Non-Corporate Performance Measure section of the report. An example can be seen below.

**Measure 3: Fires where people live**

Measure Breakdown	1	2	3			4					
	3 month (vs previous)	12 month (vs previous)	Trend (years)			Against Expected					
			1	3	5	Jul-14					Jun-15
All Fires	258 (-4%)	1000 (-2%)	↑	↓	↓	█	█	█	█	█	█

- 1 Latest 3 months of reporting period (e.g. Apr-15 to Jun-15) and percentage change compared to previous 3 months (e.g. Jan-15 to Mar-15).
- 2 Latest 12 months of reporting period (e.g. Jul-14 to Jun-15) and percentage change compared to previous 12 months (e.g. Jul-13 to Jun-14).
- 3 Trends covering 1, 3 and 5 years.
- 4 Performance against calculated threshold by month i.e. Green = Normal, Yellow = Monitor, Red = Action

In some instances you will also see term **Critical to Quality**, this is where the Service will need to take action at a point before the triggers highlighted above in point number 4. For example, any death will require further investigation from the Service so section 4 will turn amber if a death is recorded and red if figures reach action levels according to the calculated threshold.



The incident related data that are used in this section of the report are sourced from the Incident Recording System (IRS). The data was sourced on the 15/07/2017.

### Measure 1: Fire-related deaths where people live

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

Measure Breakdown	3 month (previous)	12 month (previous)	Trend (years)			Against Expected											
			1	3	5	Jul-16 Jun-17											
Deaths - All Fires	2 (0)	7 (5)	↑	↑	●	G	A	G	R	A	G	G	G	G	A	A	G
Deaths - Accidental Fires	2 (0)	7 (4)	↑	↑	↑	G	A	G	R	A	G	G	G	G	A	A	G
Deaths - Deliberate Fires	0 (0)	0 (1)	↓	↓	↓	G	G	G	G	G	G	G	G	G	G	G	G

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

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

Measure Breakdown	3 month (previous)	12 month (previous)	Trend (years)			Against Expected											
			1	3	5	Jul-16 Jun-17											
Injuries - All Fires	28 (24)	82 (73)	↑	↑	↑	G	G	G	G	G	G	A	A	G	A	A	A
Injuries - Accidental Fires	26 (21)	71 (69)	↑	↑	↑	G	G	G	G	G	G	A	G	G	A	G	A
Injuries - Deliberate Fires	2 (3)	11 (4)	↑	●	●	G	R	G	G	G	G	G	G	G	G	G	G

### Measure 3: Fires where people live

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

Measure Breakdown	3 month (previous)	12 month (previous)	Trend (years)			Against Expected											
			1	3	5	Jul-16 Jun-17											
All Fires	262 (253)	1028 (948)	↑	↑	↑	G	G	G	G	A	G	A	G	G	G	G	A
Accidental Fires	237 (232)	946 (884)	↑	↑	↑	A	G	G	G	A	G	A	G	G	G	G	A
Deliberate Fires	25 (21)	82 (64)	↑	↑	↑	G	G	G	G	G	R	G	G	G	G	A	A

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

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

Measure Breakdown	3 month (previous)	12 month (previous)	Trend (years)			Against Expected											
			1	3	5	Jul-16 Jun-17											
Deaths - All Fires	1 (1)	5 (1)	↑	↑	↑	G	G	R	G	R	G	G	G	R	R	G	G
Deaths - Accidental Fires	1 (1)	5 (0)	↑	↑	↑	G	G	R	G	R	G	G	G	R	R	G	G
Deaths - Deliberate Fires	0 (0)	0 (1)	↓	↓	↓	G	G	G	G	G	G	G	G	G	G	G	G

### Measure 5: Injuries as a result of fires where people work, visit and in vehicles

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

Measure Breakdown	3 month (previous)	12 month (previous)	Trend (years)			Against Expected											
			1	3	5	Jul-16 Jun-17											
Injuries - All Fires	10 (1)	20 (42)	↓	↑	↑	A	G	G	G	G	G	G	G	G	G	G	A
Injuries - Accidental Fires	9 (1)	18 (36)	↓	↑	↑	A	G	G	G	G	G	G	G	G	G	G	R
Injuries - Deliberate Fires	1 (0)	2 (6)	↓	↓	↓	G	G	G	G	G	G	G	G	G	G	G	G

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

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

Measure Breakdown	3 month (vs previous)	12 month (vs previous)	Trend (years)			Against Expected											
			1	3	5	Jul-16 Jun-17											
All Fires	348 (274)	1340 (1256)	↑	↑	↑	R	G	G	G	G	G	G	G	G	G	G	G
Accidental Fires	261 (191)	958 (949)	↑	↑	↑	A	A	G	G	G	G	G	G	G	G	G	G
Deliberate Fires	87 (83)	382 (307)	↑	↑	↑	R	A	G	G	G	G	A	G	G	G	G	G

### Key Messages

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

There have been 7 fire-related deaths where people live in the 12 month reporting period from Jul-16 to Jun-17 compared to 5 in the previous 12 month period.

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

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

#### Measure 3: Fires where people live

There have been 1028 fires where people live in the 12 month reporting period from Jul-16 to Jun-17 compared to the previous 12 month period (948 fires).

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

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

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

There have been 20 injuries at fires where people work and visit and in vehicles in the 12 month reporting period from Jul-16 to Jun-17 compared to the previous 12 month period (42 injuries).

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

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

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

There have been 1340 fires where people work and visit and in vehicles in the 12 month reporting period from Jul-16 to Jun-17 compared to the previous 12 month period (1256 fires).

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

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

#### Measure 2: Fire related injures where people live

There have been 82 injuries at fires where people live in the 12 month reporting period from Jul-16 to Jun-17 compared to the previous 12 month period (73 injuries).

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

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

#### Measure 4: Deaths as a result of fires where people work, visit and in vehicles

There have been 5 fire-related deaths where people work and visit and in vehicles in the 12 month reporting period from Jul-16 to Jun-17 compared to the previous 12 month period (1 deaths).

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

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

## Reducing fires in the home and related injuries and deaths

### Related headlines:

- Measure 1: Deaths as a result of fires where people live
- Measure 2: Injuries as a result of fires where people live
- Measure 3: Fires where people live

### What we are doing to improve performance:

#### Partnerships:

Work continues proactively across the Service to strengthen existing partnership relations and seek other opportunities to form new links. In East Somerset, quality assurance and random sampling is being used to monitor the quality of the home safety visits generated by partner referrals.

Across the Service all the groups are engaged with organisations locally to help identify vulnerable people within their communities, which complements groups' use of the 'Exeter' data to allow them to deliver home fire safety advice to those most at risk.

Further planned prevention activity is 'trigger point' training for Royal Mail staff, to help identify vulnerable people within the community and to provide a consistent recording mechanism.

#### Home Safety Visits:

The roll out of the new approach to Home Fire Safety delivery is progressing rapidly with vans liveried and equipped and new mascots being used Service-wide.

Cooking fires are currently a focus for groups following analysis and media work in relation to these types of fire. In response to this, following training, the East Somerset Local Risk Manager is providing input on dementia awareness to stations within the group.

In West Devon, advocates have been focussing on kitchen-related fires with further input given to occupants and stations providing risk advice for kitchen fires. Advocates have also been asked to check tumble dryer serial numbers against the national recall list that has identified specific units at risk.

#### Local Initiatives:

To support the identification of vulnerable people within Devon and Somerset, the groups have been working closely with communities and organisations.

West Devon group works with the patient discharge unit at Derriford Hospital and runs sessions at doctors surgeries across West and South Devon – this enables them to engage with those most likely to need the support DSFRS can provide.

East Somerset group continues to work with Mendip District Council to facilitate a drop-in centre where a member of the group support team provides community safety and business safety advice.

Following two injuries in Ilfracombe in June, North Devon group have adopted a new strategy to better target 'after the fire' incidents and use the visual effect of a fire appliance or advocate/technician's vehicle set up in the vicinity. This has already been trialled in Barnstaple to great effect.

In West Devon the focus has been on action days in specific areas to maximise use of resources in the most efficient way. Also in West Devon, advocates have been focussing on kitchen-related fires with further input given to occupants and stations providing risk advice for kitchen fires. Advocates have also been asked to check tumble dryer serial numbers against the national recall list that has identified specific units at risk

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

##### **Safeguarding:**

The Safeguarding Team continues to work with partners to improve the effectiveness of referral pathways into other organisations such as the Police and Social Services.

The Team represents DSFRS on the tri-service frequent caller group, the main aims of which are to identify and reduce the number of inappropriate calls to our emergency number.

It also continues to work closely with identified partners to improve the support offered to people who display hoarding behaviours and in addition are engaging at a strategic partnership level via the Local Safeguarding Adults Board to develop a Devon-wide Multi Agency protocol.

##### **Other Prevention:**

In Community Safety, the Suicide Reduction Strategy is progressing and will link with the collaborative approach being led by the senior coroner.

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

### Related headlines:

- Measure 4: Deaths as a result of fires where people work, visit and in vehicles
- Measure 5: Fire related injuries where people work, visit and in vehicles
- Measure 6: Fires where people work, visit and in vehicles

### What we are doing to improve performance:

#### Partnerships:

Groups continue to work with partner organisations to deliver business safety messages. This not only includes councils and other licencing authorities but covers a diverse range of areas including farms and houses in multiple occupation. Data sets, incidents, partnerships and local intelligence continue to support the identification of areas of focus.

The Business Safety Team in North Devon are working with North Devon and Torrridge councils to carry out inspections of houses of multiple occupation.

West Somerset have seen an increase in deliberate fires in agricultural premises. They are working with the police to identify potential locations of risk. They will be issuing a joint statement regarding the security of barns.

South Devon have run two successful multi-agency exercises at the hospital and marina in Torquay. Five more are planned across the group area in identified areas of risk.

#### High-rise:

Following the Grenfell Tower fire, business as usual has been severely impacted throughout the Service with buildings of concern being targeted for both prevention and protection activities. Groups have reported that this remains the main focus of their priorities and this work is outside of their business plans.

Groups have reported an unprecedented amount of requests for talks to reassure residents of multi-level domestic premises and they have dealt with calls from the general public and building managers.

Having completed the majority of their work on the Devonport tower blocks, West Devon are now putting final effort into reaching those not yet contacted. They are also looking to roll this activity out to the wider Plymouth area. Work is also continuing with Plymouth University and Derriford hospital regarding cladding. This has put considerable pressure on the Group Support Team and support from other groups has helped to ease the pressure. Extra resource is being recruited to help deal with the extra workload.

#### Inspection Programmes:

Targeted programmes of inspection have continued at varying levels due to the prioritisation of the high-rise work. Targeting is supported by datasets, sharing of intelligence, partnerships and local knowledge. Trends identified at local, regional and national levels also support targeting.

#### Local Initiatives:

Following two injuries in May due to fires in caravans, North Devon group have designed an information sheet/poster for caravan sites that they can send to all clients when they book pitches. Copies of the posters will also be available at all caravan sites in north Devon.

North Devon have also engaged with local business owners and have been particularly successful in Ilfracombe. They continue with road traffic collision reduction work and following a trend of accidents involving school children and parking issues around schools, the group are rolling out a targeted campaign along with the police and PCSO teams, building on the work done using the Zoo Song.

### How is DSFRS improving performance?

East Somerset have continued with their program of compliance events to educate businesses in their community, in particular with residential care, charity shops, town councils and future work with boarding schools.

Following an increase in accidents involving tractors and farm machinery, North Devon group arranged to offer road safety advice at the North Devon Show this year along with home fire safety advice.

Other (including enforcement):

There have been a number of successful prosecutions:

East Somerset Business Safety Team saw the successful prosecution of a care home group for breaches of the Regulatory Reform (Fire Safety) Order, along with the conviction of a Responsible Person in another particularly serious case.

South Devon have prosecuted a pub landlord and have led a multi-agency response to concerns raised at a hotel.

West Somerset carried out a successful prohibition of a building in Glastonbury, which may result in a custodial sentence.

Priority: Public Safety - Emergency Response Standards (ERS)

**Measure 7: ERS for attendance at fires where people live**

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

This measure is recorded by the following criteria:

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

Measure Breakdown	3 month (vs previous)	12 month (vs previous)	Trend (years)			Against Expected												
			1	3	5	Jul-16					Jun-17							
All Eligible Incidents	68% (70%)	68% (71%)	↓	↓	↓	G	G	G	G	G	A	G	A	G	G	G	G	G
Incidents Inside 10min Zone*																		

\* Due to the transition to the new IT system in Fire Control this information is currently unavailable for analysis.

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

This measure is recorded by the following criteria:

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

Measure Breakdown	3 month (vs previous)	12 month (vs previous)	Trend (years)			Against Expected												
			1	3	5	Jul-16					Jun-17							
Incidents Inside 10min Zone*																		

\* Due to the transition to the new IT system in Fire Control this information is currently unavailable for analysis.

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

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

This measure is recorded according to the following criteria:

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

Measure Breakdown	3 month (vs previous)	12 month (vs previous)	Trend (years)			Against Expected												
			1	3	5	Jul-16					Jun-17							
All Eligible Incidents	75% (77%)	74% (75%)	↓	↓	↓	G	G	A	G	A	A	G	G	G	G	G	G	G

### Key Messages

#### Measure 7: ERS for attendance at fires where people live

The Service has achieved first response to fire incidents where people live within 10 mins for 68.4% of eligible incidents during the 12 month reporting period from Jul-16 to Jun-17, a -3%pt change compared to the previous 12 month period (71.4% achieved).

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

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

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

The Service has achieved first response to RTC incidents within 15 mins for 74.4% of eligible incidents during the 12 month reporting period from Jul-16 to Jun-17, a -1.1%pt change compared to the previous 12 month period (75.5% achieved).

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

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



## Achieving our emergency response standards (ERS)

### Related headlines:

- Measure 7: ERS for attendance at fires where people live
- Measure 8: ERS for attendance at Road Traffic Collisions (RTCs)

### What we are doing to improve performance:

Across the organisation retained recruitment is in progress with the majority of stations actively recruiting. There has been a very successful process at Nether Stowey by local leafletting which is now being rolled out across other stations.

In South Devon, the Newton Abbot team have been trialling improved station turnout procedures. This has led to an improvement of 8% and 9% for both its pumps over the last quarter. The Group are preparing a document to share Service-wide on how this was achieved.

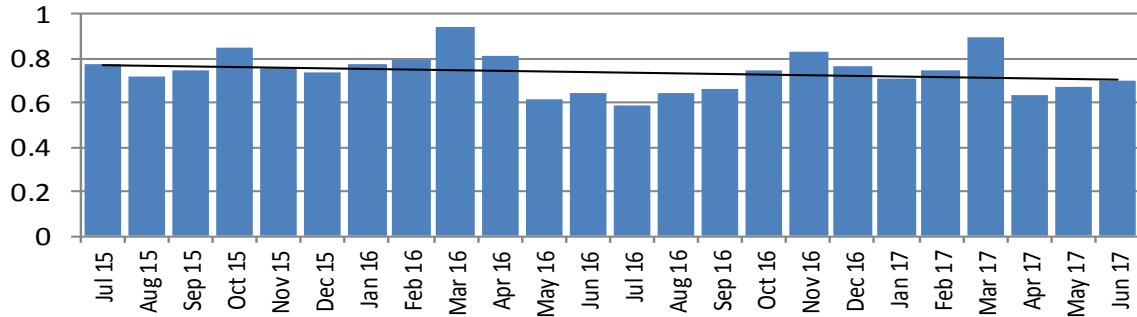
Bovey Tracey has worked with Service Headquarters to use social media for a targeted recruitment campaign. Early results suggest that this has led to 19 applicants. The trial has been extended to Totnes and Ashburton. The Group are now looking at how to improve inclusivity in their recruitment campaigns, including activity at Totnes Pride.

## Sickness

### Priority: Staff Safety - Sickness Rates

Measure Breakdown	Actual Apr-17 to Jun-17	Previous Apr-16 to Jun-16	% Variance
Sickness Rates (All Staff)	2.00	2.07	-3.40%

### Average sick days taken per person, per month



Sickness Rates by Post Type Jul-16 to Jun-17	Wholetime Station Based Staff			Wholetime Non-Station Staff		
	Actual	Previous	% Var.	Actual	Previous	% Var.
<b>Overall Sickness Rate</b>	1.6	2.07	-22.7%	2.38	2.88	-17.4%
# Days / Shifts Lost	575.5	790	-27.2%	464	554	-16.2%
<b>Sickness Rate - Long Term*</b>	0.9	1.34	-32.8%	2.01	2.34	13.8%
# Days / Shifts Lost - Long Term	324.5	509	-36.2%	393	450	-12.7%
<b>Sickness Rate - Short Term Cert**</b>	0.23	0.18	26.1%	0.1	0.34	71.6%
# Days / Shifts Lost - ST Cert.	82	69	18.8%	19	66	-71.2%
<b>Sickness Rate - Short Term***</b>	0.47	0.56	-15.4%	0.27	0.2	35.0%
# Days / Shifts Lost - ST	169	212	-20.3%	52	38	36.8%

Sickness Rates by Post Type Jul-16 to Jun-17	Control			Support Staff		
	Actual	Previous	% Var.	Actual	Previous	% Var.
<b>Overall Sickness Rate</b>	2.59	2.67	-3.1%	2.21	1.33	66.0%
# Days / Shifts Lost	87.02	100	-13.0%	520.75	316.28	64.6%
<b>Sickness Rate - Long Term</b>	1.35	1.28	5.6%	1.53	0.47	226.5%
# Days / Shifts Lost - Long Term	45.52	48	-5.2%	360.69	111.4	223.8%
<b>Sickness Rate - Short Term Cert.</b>	0.73	0.24	203.2%	0.25	0.26	-5.4%
# Days / Shifts Lost - ST Cert.	24.5	9	172.2%	59	62.9	-6.2%
<b>Sickness Rate - Short Term</b>	0.51	1.15	-56.0%	0.43	0.6	-28.3%
# Days / Shifts Lost - ST	17	43	-60.5%	101.06	141.98	-28.8%

\* Long Term Sickness: >28 Calendar Days

\*\* Short-Term Certified Sickness: 8 to 28 Calendar Days

\*\*\* Short Term Sickness: <8 Calendar Days



# Draft Performance Report

## Audit and Performance Review Committee

This report has been provided to Audit and Performance Review Committee to demonstrate the format in which the new Corporate Performance Measures will be reported in future.

The report content is draft and any values held within it should not be used beyond the report itself.

Business Intelligence Hub

Devon & Somerset  
Fire & Rescue Service

16/08/2017





## **Contents**

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The following pages set out Devon and Somerset Fire and Rescue Service's Key Performance Indicators (KPI) and how we are performing.

The report is in three sections:

1) **Introduction** including:

- a) content of the report;
- b) information about Devon & Somerset Fire & Rescue Service with a summary of calls and incidents attended;
- c) a summary of KPI performance setting out how many measures are reported and of those how many of those are:
  - i) Positive Exceptions – measures exceeding required performance;
  - ii) Negative Exceptions – measures not meeting required performance;
  - iii) Meeting Required Level – measures that are meeting required performance.

2) **Exception Reports**

The exception reports of the KPIs. These are in two parts; those measures that are notably exceeding their targets and those that are not on target and requiring focussed action to bring them back on target. Each individual measure is shown graphically, has an analysis of the data with further context information and the actions being taken to improve performance.

3) **Performance Summary - Measures Meeting Required Levels**

Contains performance summaries of the remaining measures e.g. those measures that are on track to meet the targets.

**Who are we?**



Devon & Somerset Fire & Rescue Service is the largest non-metropolitan fire and rescue service in England. We provide prevention, protection and response services across the counties of Devon and Somerset (including Torbay and Plymouth).

We have 85 fire stations, the second largest number in England and over 1,900 committed and dedicated staff who work tirelessly to protect the 1.7 million people who live in our counties. This alongside the estimated additional 400,000 people who visit this wonderful part of the country every year.

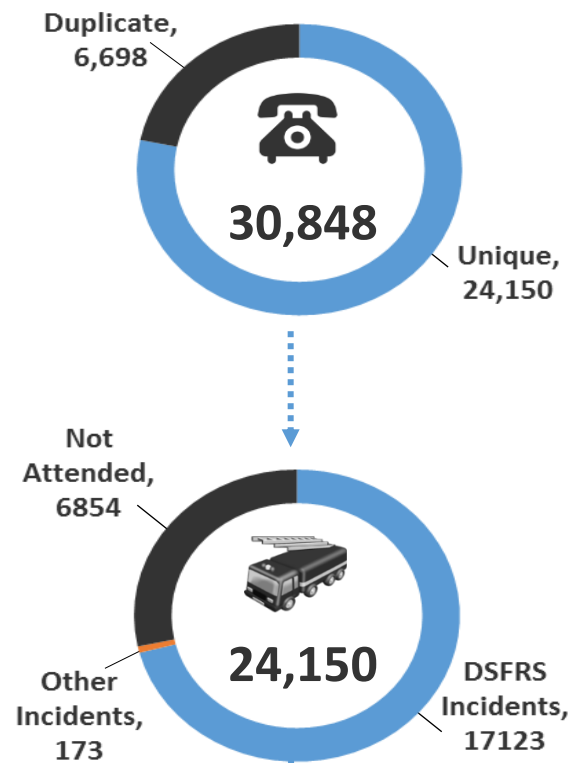
You can be reassured that if you need us we will rescue you from a burning building, pull you out of fast flowing water, rescue you from height or collapsed structures, extract you from Road Traffic Collisions. We will aim to secure your properties from damage of flood or fires, provide specialist animal rescue keeping both you and the animal safe. You might not expect us to, but we will be the first to respond to medical trauma on behalf of the South West Ambulance Services Trust through our network of co-responders.

It's not all about emergency response. Our committed staff work to provide community safety advice, education and intervention to keep you safe. When you visit a restaurant, hotel or even go to work, it's our fire officers that ensure that the responsible person in that building is adhering to the fire safety legislation. In your home, if we are worried that you might be at risk of a fire or other incident we will come and visit you and talk through our safety advice, install smoke alarms and provide you with guidance about how to keep safe.

All this costs just 22 pence a day (based on a Council Tax Band D property).

Now you know we do so much more than putting out fires.

## Emergency Call Summary - July 2016 to June 2017



DSFRS were involved in 30,848 calls as part of the Networked Fire Services Partnership, a collaboration between Devon & Somerset, Hampshire and Dorset & Wiltshire FRS.

The Services in the NFSP work in networked Control rooms that enable each Service to provide back up if required to support resilience across the three Services.



The fire service attended 72% of the unique emergency calls received but made the decision that attendance was not required on 28% of occasions.

There are a number of reasons why an incident may not require a physical response, including:

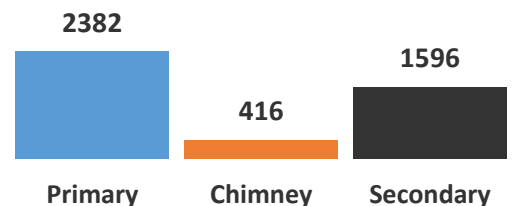
- Fire Control identify a call as being a hoax;
- An issue can be resolved by advice being given;
- Policy states that we do not attend an incident type;
- Information is received that an incident has been resolved prior to the fire service arriving.



**Primary Fires** - generally larger more complex incidents, those with casualties or fatalities or those occurring in dwellings.

**Chimney Fires** - fires restricted to the confines of the chimney.

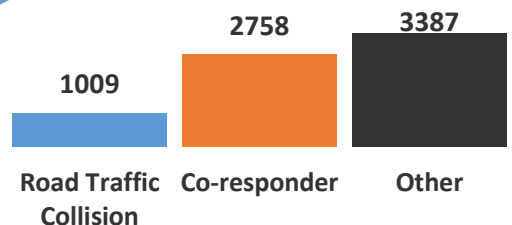
**Secondary Fires** - minor fires, no casualties.



**Primary Fires** - generally larger more complex incidents, those with casualties or fatalities or those occurring in dwellings.

**Chimney Fires** - fires restricted to the confines of the chimney.

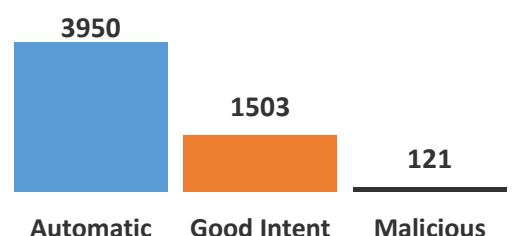
**Secondary Fires** - minor fires, no casualties.



**Automatic Fire Alarm (AFAs)** - calls initiated by fire alarm or fire-fighting equipment operating.

**False Alarm Good Intent** - calls made in the belief that the Service would attend an emergency incident.

**Malicious False Alarm** - calls made with the intention of getting the Service to respond to a non-existent incident.








To be developed

## Summary of KPI Performance

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For this reporting quarter, [insert quarter and reporting year], we are able to report [insert the number of KPIs being reported] of the Key Performance Indicators (KPIs). A breakdown of overall performance can be seen in the table below:

Measure Status	Number of Measures	Page Number
 <b>Negative Exceptions</b> – measures not meeting required performance	<b>2</b>	<b>7</b>
 <b>Positive Exceptions</b> – measures exceeding required performance	<b>0</b>	N/A
 <b>Meeting Required Level</b> – measures that are meeting required performance	<b>1</b>	<b>11</b>

The table below shows those indicators that are considered exceptions.

They are classified as such due to performance being either notably better than target, so performance is positive (+) or where performance is not on target and requires action to be put in place to bring performance back on track, so performance is negative (-). For each measures there is an exception report, which details the reasons for the exception, analysis of the data and issues, and where required actions being taken to improve performance.

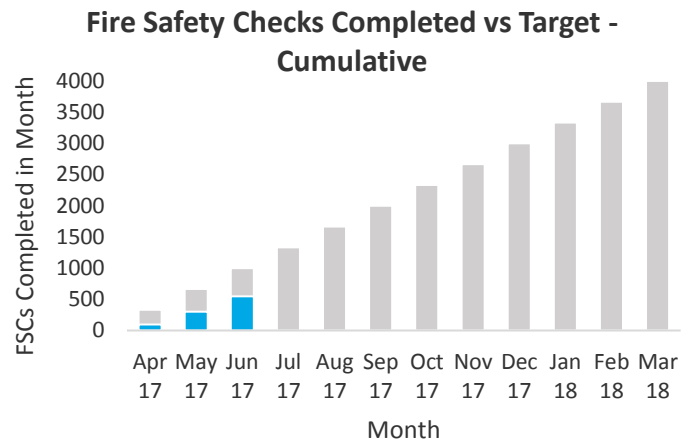
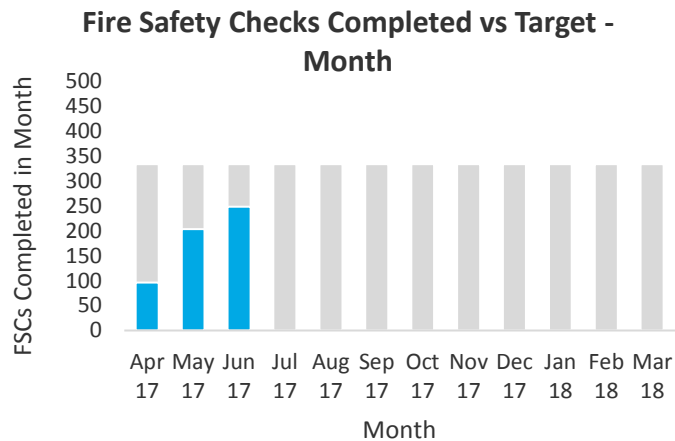
KPI Number	Description	Status Positive (+) or Negative (-)	Page Number
3b(i)	Fire safety checks completed	-	7
5b	False alarm incidents attended	-	9
8	Call handling	✓	11

## KPI Exception - Negative: KPI 3b(i)

This indicator measures the number of Fire safety Checks (FSC) that have been completed against the target number required. Only FSCs that have been fully completed and have had information entered onto the recording system will be included in this measure.

**Target - to achieve >95% of the target number of FSCs**

Measure	Q1 2017/18 (Actual)	Q1 2017/18 (Target)	Q1 % Achieved	Year to date (Actual)	Year to Date (Target)	Year to Date % Achieved
Number Completed	547	999	<b>54.8%</b>	547	999	<b>54.8%</b>



■ Target ■ FSCs Completed

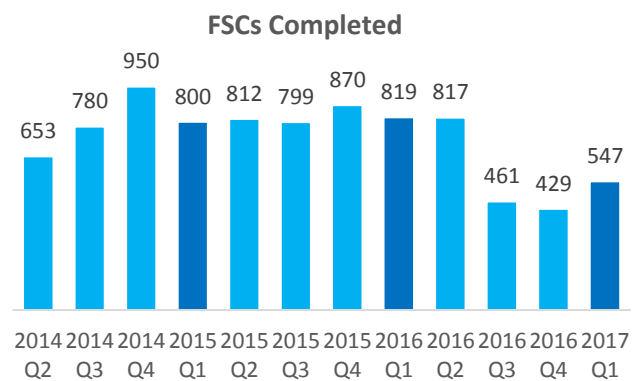
### Why is this an exception?

The number of Fire Safety Checks completed is well below the target figure for Q1 2017/18, with 49.8% of the target number of checks being completed. This is 45.2% below the target of >95%.

### Analysis

There has been a steep drop in the number of FSCs completed in the last 3 quarters (see chart right).

More in depth analysis is being undertaken to understand this change in output. It is notable that the drop in the number of FSCs completed has been seen in more than one group.



### **Actions being taken to improve performance**

Work is ongoing to understand where capacity and processes can be improved to facilitate increased delivery of targeted Fire Safety Checks.

Following the Grenfell Fire on the 14th of June personnel delivering Business Safety activities were redirected to respond to the requirements that emerged as a result of the incident.

While the number of FSCs that have been completed is below target there has been an improvement in the information available to personnel to focus these checks on high-risk premises. Fire Risk Event Data (FRED) is a product that has been developed by Experian in partnership with fire and rescue services. FRED contains likelihood and severity of a commercial premises having an accidental fire. The risk is banded to aid prioritisation of delivery of protection activity.

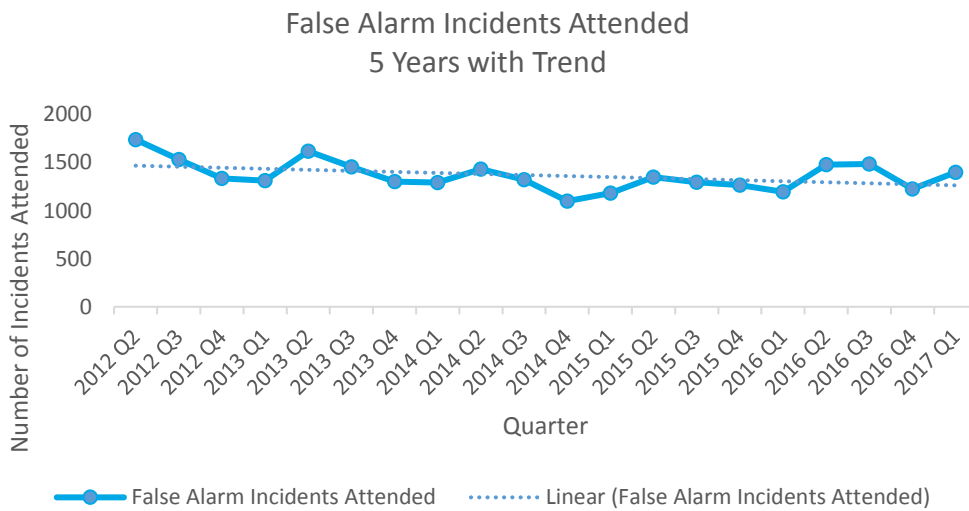
Fire Safety Checks to Fire Safety Audits stands at a favourable 25:100 (FSCs:FSAs), indicating that the Service is effectively targeting its checks at premises that will require more in depth Fire Safety Audits.

## KPI Exception - Negative: KPI 5b

This indicator measures the number of number of false alarms caused by automatic fire detection or good intent that DSFRS attended or were attended by another FRS within the area on our behalf.

**Target - to achieve a downward trend**

Measure	Q1 2017/18	Q1 2016/17	Q1 % Achieved	Year Jul-16 to Jun17	Year Jul-15 to Jun16	Year to Date % Achieved
Incidents Attended	1061	939	<b>13.0%</b>	5585	5098	<b>9.6%</b>

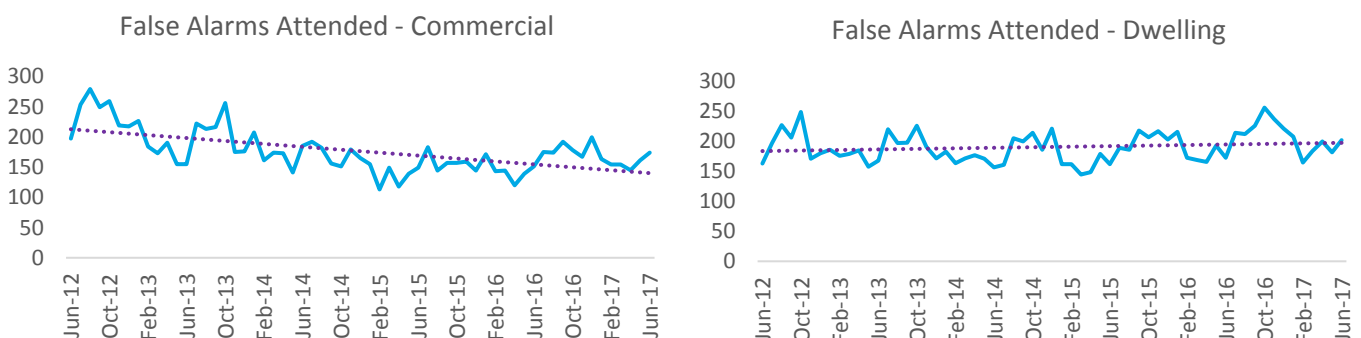


### Why is this an exception?

The number of False Alarm incidents attended is showing an increase in both the quarterly comparison and the rolling year comparison although the 5 year data shows a downward trend.

### Analysis

There has been a notable reduction in the number of commercial false alarm incidents that have been attended by the Service. This links directly to the introduction of a call reduction policy. False alarm incidents in dwellings have seen a very slight increase over the 5 year period.



**Actions being taken to improve performance**

Call reduction policy is continuing to be developed. Management processes are set to improve as data capture of information relating to these incidents becomes integrated into the new SORT application.

This will enable more efficient notification of repeat offenders for false alarm attendances due to automatic fire detection equipment operating and enable intervention to be taken where appropriate.

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