



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

**Friday 27 July 2018**

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

M. Pearson  
Clerk to the Authority

**AGENDA**

***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 26 April 2018 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 Devon & Somerset Fire & Rescue Authority's Financial Statements 2017-18:**

#### **a Audit Findings for the Devon & Somerset Fire & Rescue Authority 2017-18**

The Audit Findings for the Devon & Somerset Fire & Rescue Authority is a document prepared by Grant Thornton, the Authority's External Auditor. The document sets out the external audit findings and opinion on the Authority's Financial Statements for the year ended 31 March 2018. This document is **TO FOLLOW**.

#### **b Statement of Accounts 2017-18 (Pages 5 - 58)**

Report of the Director of Finance (Treasurer) (APRC/18/12) attached.

#### **c 2017-18 Letter of Representation (Pages 59 - 62)**

Accompanying the External Audit Findings and the Statement of Accounts is the Letter of Representation which is attached for approval.

### **5 2017-18 Annual Statement of Assurance (Pages 63 - 90)**

Report of the Director of Service Improvement (APRC/18/13) attached.

### **6 Audit & Review 2018-19 Progress Report (Pages 91 - 98)**

Report of the Director of Service Improvement (APRC/18/14) attached.

### **7 Devon & Somerset Fire & Rescue Service Performance Report: April 2017 to March 2018 (Pages 99 - 126)**

Report of the Director of Service Improvement (APRC/18/15) attached.

### **8 Local Pensions Board Annual Report 2017-18 (Pages 127 - 132)**

Report of the Director of Corporate Services (APRC/18/16) attached.

### **9 Going Concern Review (Pages 133 - 138)**

Report of the Director of Finance (Treasurer) (APRC/18/17) attached.

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

### **Membership:-**

Councillors Healey MBE (Chair), Clayton, Mathews, Napper (Vice-Chair), Saywell, Vijeh and Wheeler

**NOTES**

<b>1.</b>	<b><u>Access to Information</u></b> 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.
<b>2.</b>	<b><u>Reporting of Meetings</u></b> 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 Chair - and use any communication method, including the internet and social media (Facebook, Twitter etc.), to publish, post or otherwise share the report. The Authority accepts no liability for the content or accuracy of any such report, which should not be construed as representing the official, Authority record of the meeting. Similarly, any views expressed in such reports should not be interpreted as representing the views of the Authority.  Flash photography is not permitted and any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting; focusing only on those actively participating in the meeting and having regard also to the wishes of any member of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chair or the Democratic Services Officer in attendance so that all those present may be made aware that is happening.
<b>3.</b>	<b><u>Declarations of Interests at meetings (Authority Members only)</u></b> If you are present at a meeting and you are aware that you have either a disclosable pecuniary interest, personal interest or non-registerable interest in any matter being considered or to be considered at the meeting then, unless you have a current and relevant dispensation in relation to the matter, you must: <ul style="list-style-type: none"><li>(i) disclose at that meeting, by no later than commencement of consideration of the item in which you have the interest or, if later, the time at which the interest becomes apparent to you, the existence of and – for anything other than a “sensitive” interest – the nature of that interest; and then</li><li>(ii) withdraw from the room or chamber during consideration of the item in which you have the relevant interest.</li></ul> 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 (i) and (ii) above.  Where a dispensation has been granted to you either by the Authority or its Monitoring Officer in relation to any relevant interest, then you must act in accordance with any terms and conditions associated with that dispensation.  Where you declare at a meeting a disclosable pecuniary or personal interest that you have not previously included in your Register of Interests then you must, within 28 days of the date of the meeting at which the declaration was made, ensure that your Register is updated to include details of the interest so declared.
<b>4.</b>	<b><u>Part 2 Reports</u></b> 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.
<b>5.</b>	<b><u>Substitute Members (Committee Meetings only)</u></b> Members are reminded that, in accordance with Standing Order 37, 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.

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## **AUDIT & PERFORMANCE REVIEW COMMITTEE**

(Devon & Somerset Fire & Rescue Authority)

26 April 2018

### Present:-

Councillors Wheeler (Chair), Clayton (Vice-Chair), Healey MBE, Napper, Saywell, Trail BEM and Vijeh.

### In attendance (in accordance with Standing Order 36(1):-

Councillors Coles and Randall Johnson.

#### \* **APRC/26**

##### **Minutes**

**RESOLVED** that the Minutes of the meeting held on 17 January 2018 be signed as a correct record.

#### \* **APRC/27**

##### **Grant Thornton Update**

The Committee received for information a report submitted by the Authority's external auditor, Grant Thornton, setting out the progress made to date in delivery of its audit responsibilities to the Devon & Somerset Fire & Rescue Authority (the Authority). The report made reference in particular to the progress made with:

- The financial statements audit;
- Value for Money conclusion;
- Other areas such as the meetings held with finance officers and a local government accounts workshop held in Plymouth on 6 February 2018

The report also covered the results of the interim audit work undertaken and a sector update covering recent Grant Thornton publications, insights from local government sector specialists, reports of interest and accounting and regulatory updates.

Peter Barber, representing Grant Thornton, confirmed that, in terms of the interim audit work undertaken, there had been no issues identified.

#### \* **APRC/28**

##### **International Financial Reporting Standards (IFRS) ISA240 Compliance Letters**

The Committee received for information the letters from the Authority's Treasurer and the Chair of this Committee in response to the correspondence received from Grant Thornton relating to International Financial Reporting Standards (IFRS) ISA240 and seeking confirmation of compliance.

#### \* **APRC/29**

##### **External Audit Plan 2017-18**

The Committee received for information an external audit plan for the year ending 31 March 2018 from the Authority's auditors, Grant Thornton. The Plan provided the scope and timings for the external audit process as required by the International Standard on Auditing (UK & Ireland) 260. It also identified issues of materiality and areas of significant risks for the Service, together with Value for Money arrangements.

The Committee noted that, for the audit, Grant Thornton would be focussing on the Service's significant risks as identified within the report which were:

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

There were other risks that had been identified additionally, including employee remuneration and the Firefighters' Pension Scheme which would also be addressed.

*NB. Councillor Saywell declared a personal, non-pecuniary interest in this item as a Non-Executive Director of Red One Ltd.*

\* **APRC/30**      **External Audit Fee Letter 2018-19**

The Committee received for information from the External Auditor, Grant Thornton, details of the proposed Audit Fee in 2018/19. The Public Sector Audit Appointment (PSAA), the body responsible for overseeing the audit contracts for local government organisations, had prescribed a scale fee based on the point that the auditor would be provided with completed and materially accurate financial statements within agreed timescales.

For Devon & Somerset Fire & Rescue Authority in 2018/19, it was noted that the proposed audit fee set by the PSAA was £26k, a reduction of 23% on the previous fee, and that this was fixed for the next five years. Councillor Wheeler sought an assurance that this would not result in a reduction in the quality of service received from Grant Thornton which was duly given.

\* **APRC/31**      **Audit & Review 2017-18 Progress Report**

The Committee received for information a report of the Director of Service Improvement (APRC/18/7) that set out the progress made to date against the approved 2017-18 Internal Audit Plan and which also provided an update on any additional work undertaken. The report also provided assurance statements for the audits that had been completed to date.

Reference was made in particular to the Audit & Review Assurance Tracking System which recorded all of the audit recommendations and agreed actions coming out of key assurance activities. It was noted that since July 2017, there had been a 56% decrease in open high or high/medium recommendations from 78 to 41. Based on the work completed to date in 2017-18 and the knowledge from previous years, it was considered that the Devon & Somerset Fire & Rescue Service continued to demonstrate an appropriate level of internal control.

\* **APRC/32**      **2018-19 Internal Audit Plan**

The Committee considered a report of the Director of Service Improvement (APRC/18/8) that set out the proposed 2018 -19 Internal Audit Plan, which involved a total of 1119 audit days split between strategic reviews, compliance reviews and audit health checks. It was noted that, of the 1119 days, the Devon Audit Partnership would be providing an element of independent scrutiny with 67 days auditing and an IT health check would also be undertaken in 2018/19 of 110 days. The audit of key financial systems had been increased from 32 to 35 days in view of the appointment recently of a new payroll and pensions provider.

**RESOLVED** that the 2018-19 Internal Audit Plan as set out within report APRC/18/8 be approved.

\* **APRC/33**      **Authority Policy for the Regulation of Investigatory Powers Act 2000 (RIPA) - outcome of recent inspection**

The Committee considered a report of the Director of Corporate Services (APRC/18/9) that set out proposed changes to the Authority's policy on the Regulation of Investigatory Powers Act (RIPA) (2000) as a result of a recent inspection by the Office of the Surveillance Commissioner.

**RESOLVED**

- (a) That the revised Authority Policy for the Regulation of Investigatory Powers Act (RIPA) as set out within Appendix B of report APRC/18/9 be approved;
- (b) That a report reviewing the current RIPA policy be submitted to this committee in twelve months' time; and
- (c) That, subject to (a) and (b) above, the report be noted.

\* **APRC/34**      **Devon & Somerset Fire & Rescue Service Performance 2017-18 - Report to Quarter 3 (April to December 2017)**

The Committee received for information a report of the Director of Service Improvement (APRC/18/10) that set out the Service's performance for the period of April to December 2017 with a focus on quarter 3 of 2017-18. The report highlighted the new format for the performance information which set out a measure status of 'good performance', 'monitor performance' or 'negative exception'. This was established through an assessment of the different types of analysis, for example, performance versus the previous year, performance versus the previous quarter and trends and performance against normal variation to give a more rounded picture and which directed focus more effectively on emerging issues. Where a measure was reported as an exception, a separate report would be provided.

Five of the eight measures were showing positive performance whilst three measures were showing negative performance. This was a declining picture compared to the previous report to the Committee on 17 January 2018. In terms of the positive performance, the following was noted:

- fire related deaths remained very low for 2017/18 with three deaths recorded in the year to date and no deaths in quarter 3;
- Emergency response standards had shown an improvement compared to the same period in 2016/17 for both the reporting quarter and year to date performance with long term trends being positive due to the instigation of the Operational Resource Centre;
- Fires where people work, visit and in vehicles had also shown an improvement compared to the previous year for both the reporting quarter and year to date, although deliberate fires had shown an upward three year trend.

In terms of the measures showing negative performance:

- Fire related injuries had increased compared to the previous year (2016-17) for both the reporting quarter and year to date. There was a relatively low number of injuries which meant that a small change in the numbers could show dramatic percentage variations;
- Fires where people lived had increased compared to the previous year for both the reporting quarter and year to date. The increase was not dramatic but combined with a negative rolling three year trend, this had been assessed to be an exception.

\* **APRC/35**     **Exclusion of the Press and Public**

**RESOLVED** that, in accordance with Section 100A(4) of the Local Government Act 1972, the press and public were excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A (as amended) to the Act, namely information relating to the financial and business affairs of any particular person – including the authority holding that information).

\* **APRC/36**     **Audit & Review IT Security Progress Report**

(An item taken in accordance with Section 100A(4) of the Local Government Act 1972 during which the press and public were excluded from the meeting).

The Committee received for information a report of the Head of Assurance & Planning (APRC/18/11) that set out the progress made to date against the approved 2017-18 internal audit plan and which reported specifically on the ICT Technical audits that had been undertaken and the assurance statements thereon.

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

The meeting started at 10.00 am and finished at 12.00 pm



<b>REPORT REFERENCE NO.</b>	<b>APRC/18/12</b>
<b>MEETING</b>	<b>AUDIT &amp; PERFORMANCE REVIEW COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>27 JULY 2018</b>
<b>SUBJECT OF REPORT</b>	<b>STATEMENT OF ACCOUNTS 2017-18</b>
<b>LEAD OFFICER</b>	<b>Director of Finance (Treasurer)</b>
<b>RECOMMENDATIONS</b>	<b><i>That the final accounts for 2017-18 be approved for publication</i></b>
<b>EXECUTIVE SUMMARY</b>	This report provides the committee with a final version of the Statement of Accounts for 2017-18 with an opportunity to review the content prior to publication per the Accounts and Audit Regulations 2015.
<b>RESOURCE IMPLICATIONS</b>	As indicated in the report.
<b>EQUALITY IMPACT ASSESSMENT</b>	An initial assessment has not identified any equality issues emanating from this report.
<b>APPENDICES</b>	Appendix A – Statement of Accounts 2017-18
<b>LIST OF BACKGROUND PAPERS</b>	None.

## **1. INTRODUCTION AND BACKGROUND**

- 1.1 The Accounts and Audit Regulations 2015 (“The Regulations”), which apply to the Authority, introduced a new timetable for preparation, audit and publication of both the draft and final Financial Statements. The Financial Statements comprise the Statement of Accounts, including the Narrative Statement, and the Annual Statement of Assurance. Whilst the Regulations came in to force in 2015 the revisions to the timescales for publication apply from the 2017-18 financial year onwards and therefore to the Accounts for the year ending 31 March 2018.
- 1.2 The Regulations require the final financial statements to be signed off by the Authority and this is delegated to the Audit & Performance Review Committee. The 2015 Regulations also introduced a requirement that the draft Financial Statements be available for inspection on the Authority website and this practice commenced for the 2015-16 financial year. The 2017-18 draft statements were made available on the 24th May 2018.
- 1.3 The revised deadlines mean that the important work of preparing the draft Financial Statements must be completed a month earlier, by end of May each financial year, placing an increased burden on budget holders and the Service Finance Team to become more efficient and effective whilst maintaining a high level of accuracy. I would like to take the opportunity to thank all those involved in preparing the Financial Statements for their hard work and commitment to continuously improving processes whilst meeting the shortened timetable for publication and audit of the accounts.
- 1.4 Elsewhere on the agenda is the report of the External Auditors, Grant Thornton LLP which provides their audit opinion on the Financial Statements for the year ended 31 March 2018, to be considered alongside the Statements themselves.

**AMY WEBB**  
**Director of Finance (Treasurer)**



**DEVON & SOMERSET  
FIRE & RESCUE AUTHORITY**

# Statement of accounts 2017 - 2018



[www.dsfire.gov.uk](http://www.dsfire.gov.uk)



Acting to Protect & Save

**Devon and Somerset Fire and Rescue Authority**

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## Devon & Somerset Fire & Rescue Authority - STATEMENT OF ACCOUNTS 2017/18

### 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 2018. 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 and now also provides information on the economy, efficiency and effectiveness in its use of resources over 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 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 total spending into surplus as soon as possible. The Fire Service is an "unprotected" service which 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 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 £15.1m have already been delivered since 2010. The 2017 - 2022 Creating Safer Communities Plan approved by the Authority at its meeting in February 2018. The Service is in the process of developing the next phase of savings and improvement plans for the period to 2021-22. It is forecast that a minimum of £7.7m of recurring savings need to be identified over that period.

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 2017/18

Net revenue spending in 2017-18 was £72.2m, compared to an agreed budget of £72.6m, resulting in an underspend of £0.32m. Table 1 provides a summary of revenue spending in 2017-18 compared with agreed budget headings.

### **NARRATIVE REPORT**

**TABLE 1 – SUMMARY OF REVENUE SPENDING 2017-18**

	<b>Budget</b>	<b>Spending</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Employee Costs	55.2	55.5	0.3
Premises Related Costs	4.0	3.9	(0.1)
Transport Related Costs	3.5	3.5	0.0
Supplies and Services	5.8	5.6	(0.2)
Establishment Expenses	0.7	0.7	(0.0)
Payments to Other Authorities	0.7	0.9	0.2
Capital Financing	7.0	4.3	(2.7)
<b>Gross Spending</b>	<b>76.9</b>	<b>74.3</b>	<b>(2.6)</b>
Income	(4.9)	(5.5)	(0.7)
Transfer to (from) Reserves	0.6	3.5	2.9
<b>Net Spending</b>	<b>72.6</b>	<b>72.2</b>	<b>(0.3)</b>
<b>Funded By:</b>			
Council Tax Precept	(49.1)		
Business Rates Redistribution	(14.5)		
Central Government Funding	(9.0)		
<b>Total Funding</b>	<b>(72.6)</b>		

An underspend of £0.3m, equivalent to 0.44% of the total revenue budget, has been achieved due to income exceeding targets in 2017/18.

### Contributions to Earmarked Reserve

At the Resources Committee on 16 May 2018 it was agreed to recommend to the Full Authority that the net underspend of £0.3m be transferred to Earmarked Reserve as shown below. Further detail on all Earmarked Reserve balances is included in Note 19 to the financial statements.

Comprehensive Spending Review Reserve (£0.3m) – The underspend of £0.3m to be transferred to the existing Comprehensive Spending Review Reserve to be used to support future change activity and projects.

This new contribution, together with in-year transfers to Reserve balances, has increased total Reserves from £35.3m at the beginning of the year to £37.2m as at 31 March 2018, of which £31.9m relates to Earmarked Reserves (committed) and £5.3m to General Reserves (uncommitted).

### **Contributions to Provisions**

The reported spending for 2017-18 includes an additional provision of £20k set aside to fund future firefighter pension costs. Of the original provision, £20k was used in year so the £20k allocated brings the provision back to the original position leaving the balance of £755k as at 31 March 2018. 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 2017/18**

The financial statements include capital spending of £2.9m in 2017-18 of which £1.8m has been spent on improvements to fire stations and £1.1m on replacement fleet and equipment, primarily focused on the continued roll-out of the new concept of replacing the traditional fire appliance with much smaller type of fire appliance which are known as a Rapid Intervention Vehicle.

Aligned to the Authority strategy to avoid any new external borrowing to fund medium term capital spending, no new borrowing was taken out in 2017-18. Of the total spending of £2.9m an amount of £2.0m was funded from existing borrowing and the remaining £0.9m from the revenue budget and earmarked reserves.

### **Authority Borrowing**

External borrowing from the Public Works Loan Board (PWLb) as at 31 March 2018 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 £26.9m, 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 2018 the Authority pension liability has been calculated to be £733.3m (£809.2m in 2016-17). 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 29 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 services, 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 2018 shows a net liability of £611.8m (£687.9m as at 31 March 2017). This includes the pension liability of £733.3m (£809.2m as at 31 March 2017) required to be included under IAS 19.

### Performance and Use of Resources

During the year the authority refreshed its Integrated Risk Management Plan which can be found at <http://www.dsfire.gov.uk/AboutUs/WhatWeDo/OurCorporatePlan>. 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 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 2017-18 with a comparison against the previous year.

<b>TABLE 2 – SUMMARY OF KPIs 2017-18</b>			
<b>Measure</b>	<b>2017-18</b>	<b>2016-17</b>	<b>Variance</b>
<b>Non-Financial Indicators</b>			
Number of deaths as a result of fires where people live.	5	4	25.0%
Number of injuries as a result of fires where people live.	78	63	23.8%
Number of fires where people live.	1059	1005	5.4%
Number of fire related deaths where people work, visit and in vehicles.	1	3	-66.7% <sup>1</sup>
Number of fire related injuries where people work, visit and in vehicles.	34	21	61.9%
Number of fires where people work, visit and in vehicles.	1,231	1,332	-7.6%
Emergency Response Standard for attendance at Fires where people live (1st appliance to attend within 10 minutes from time of call)	68%	68%	0.0%pt <sup>2</sup>
Emergency Response Standard for attendance at Road Traffic Collisions (1st appliance to attend within 15 minutes from time of call)	76%	75%	1.0%pt <sup>2</sup>
Sickness – Rate of shifts lost to sickness per full time equivalent (FTE)	8.52	8.63	-1.3%

[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 2017-18**

Measure	2017-18	2016-17	Variance (%)
<b>Financial Indicators</b>			
Revenue Spending within budget.	0.4%	2.9%	-2.5%pt
Capital Spending within budget	38.5%	57.1%	-18.6%pt
General Reserve Levels (%age of Revenue Budget)	7.3%	7.2%	0.1%pt
Debt Ratio (%age of Revenue Budget)	4.3%	4.1%	0.2%pt
External Borrowing	£25.631m	£25.723m	-0.1%

### **Overview of Service Performance in 2017-18**

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

In the 2017/18 the Service conducted 10,864 targeted Home Safety Visits to households identified as needing 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 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 the Service undertook 4,990 preventative activities to improve public safety during 2017/18.

#### **Safeguarding**

The Safeguarding Team continues to provide support, feed-back and guidance to Home Safety Technicians and Group Support Teams to ensure that individuals identified through the safeguarding referral process as being at increased risk of sustaining a serious injury from fire are helped most effectively. This includes additional advice on engaging in multi-agency activities such as joint visits with care agencies to formulate care plans that include appropriate fire risk management.

The Team continues to develop, co-ordinate and monitor the work of the Firesetter Advisers in order to ensure that interventions are timely, appropriate and effective. Engaging with the Police and other partner agencies to address young people's serious fire-setting through the provision of targeted education is having a positive effect on behaviours. For example, a recent series of interventions with a young girl involved in lighting fires in the home was successful in furthering her understanding of the danger of playing with fire, while at the same time ensuring that the parents took responsibility for keeping lighters out of her reach.

#### **Home Fire Safety Prevention**

Cooking fires continue to be a focus across all Groups; a Community Safety-led working group has been set up to investigate and to look to create a Service-wide campaign with the aim of reducing fires that start in the kitchen and associated injuries. Engagement has been undertaken with staff and partner agencies with a view to launching a campaign in April 2018.

The roll out of the new approach to home safety is ongoing with full deployment planned to be completed early in the 2018/19 financial year. The development of the technology required to undertake the role is nearing completion. All Home Safety Technicians are now in place and following participation in a number of development days and they are now delivering Level 2 Home Fire Safety Visits across the service area.

#### **Protection Activities**

DSFRS has a statutory obligation to ensure that non-domestic premises and public events are compliant with fire safety regulations. In 2017/18 the Service conducted 3,738 fire safety checks, 684 fire safety audits and 9,507 other protection activities to ensure public safety.

#### **Update on Actions Following the Grenfell Tragedy**

Following the tragic events at Grenfell Tower, the Service conducted inspections at the 141 high rise premises identified through Site Specific Risk Information (SSRI). This pre-empted requirements set by The National Fire Chiefs Council (NFCC) and The Ministry for Housing, Communities and Local Government (MHCLG).

In addition to the high rise inspections MHCLG requirements led to identification of a further 1,400 educational and health care premises for inspection. The inspections are being completed by the Service's Business Safety teams and have been incorporated into their current inspection programmes. Business Safety leads have been tasked with identifying any additional private health care or educational establishments that are not detailed within the corporate gazetteer.

It is anticipated that the inspection process should be completed by June 2019. A summary of the fire safety inspections carried out by the Business Safety teams as part of the initiative following the Grenfell Tower tragedy can be seen below:

- 141 fire safety checks have been completed in premises identified as high rise buildings;
- of these, 6 resulted in Fire Safety Audits (meaning that there were fire safety concerns identified which required more in-depth attention of the Business Safety team);
- 71 did have cladding however only three have been reported as Aluminium Composite Cladding (ACM).
- Steady progress is being made on inspections of NHS and Educational premises, where we have completed 569 of the 1,400 checks;
- of these, 11 resulted in Fire Safety Audits;
- 197 of them have been found to have some level of cladding but none have ACM cladding.



## **NARRATIVE REPORT**

### *Economic Outlook*

Following on from the referendum result for the UK to leave the EU and impact of negotiations 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 upside potential to investment values and yields following the decision by the Bank of England to increase interest rates by 0.25% to 0.50% in November 2017, resulting in an potential increase to investment income in 2018-19 and 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 approved for publication by the Treasurer.

### **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 which we serve. For 2017-18 the Authority has been able to not only deliver the targeted savings required to set a balanced budget, but also to deliver income in excess of target which has been transferred to Earmarked Reserves to fund future change activity.

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 2017-18.

**Amy Webb**  
**Director of Finance (Treasurer)**

## **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 2018.

**Amy Webb**  
**Director of Finance (Treasurer to the Authority)**  
**Date:**

## STATEMENT OF ACCOUNTING POLICIES

### General principles

The Statement of Accounts summarises the Service transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which are 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 2017/18, 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 the useful lives of the assets which are being provided for.

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 2018 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 2018. Debtors are accrued on income to cover goods and services provided before 31 March 2018 but for which no payment has been received.

## STATEMENT OF ACCOUNTING POLICIES

### 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.

### 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 Statement of Movement in Reserves 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 Statement of Movement in Reserves 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 Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

## STATEMENT OF ACCOUNTING POLICIES

### Post Employment Benefits

The treatment of pension costs in these accounts complies with the Code of Practice on Local Authority Accounting for 2017/18, which requires adoption of IAS19 Employee Benefits.

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

#### (a) Uniformed Staff

From 6th April 2015, the Firefighters pension 2006 and 2006 modified schemes were closed to new entrants and replaced with the new Firefighters pension scheme 2015. 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 December 2017.

#### (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 2016.

### 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 Statement of Movement in Reserves.

### Financial Assets

Loans and receivables are recognised on the Balance Sheet when the Authority becomes 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 Statement of Movement in Reserves. 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 2018 the Authority had two significant Capital contract outstanding as detailed in Note 11 to the accounts.

### Leases

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

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

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

#### The Authority as Lessee

##### Finance Leases

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Statement of Movement in Reserves 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 26).

### 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.

## STATEMENT OF ACCOUNTING POLICIES

### 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 2018. A full revaluation will be undertaken every five years as a minimum. The Authority's valuer is NPS South West Ltd which is a subsidiary of NPS Consultants Ltd, a controlled company of Norfolk County Council.

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

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

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

#### Impairment

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

Where impairment losses are identified, they are accounted for by:

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

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

#### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives using the straight-line method. 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 except specialist vehicles (e.g. Aerial Platforms) which have longer useful lives dependent on the specifics of the vehicle

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.

## STATEMENT OF ACCOUNTING POLICIES

### 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.

### **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.

Two such Provisions exist as at 31 March 2018; (Note 18)

#### Firefighter Employers pensions liability

The provision for Pension liabilities is £0.754m which reflect legislative changes which may have the impact of increasing employers pension contributions.

#### 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 £412k in 2017-18.

### **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 Statement of Movement in Reserves. 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 Statement of Movement in Reserves 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 2018 are included with note 19 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.



## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 March 2018

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 Statement of Movement in Reserves.

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	NOTE	Gross Expenditure 2017/18 £000	Gross Income 2017/18 £000	Net Expenditure 2017/18 £000	Gross Expenditure 2016/17 £000	Gross Income 2016/17 £000	Net Expenditure 2016/17 £000
<b>Fire &amp; Rescue Service</b>		88,493	(5,772)	82,720	82,617	(5,418)	<b>77,199</b>
<b>Cost of Services</b>		<b>88,493</b>	<b>(5,772)</b>	<b>82,720</b>	<b>82,617</b>	<b>(5,418)</b>	<b>77,199</b>
Financing and Investment Income and Expenditure	9	22,938	(186)	22,752	24,700	(205)	24,495
Other Operating Expenditure / (Income)	8		(9,606)	(9,606)		(11,087)	(11,087)
Taxation and Non Specific Grant Income	10		(71,677)	(71,677)		(73,536)	(73,536)
<b>(Surplus) or deficit on provision of services</b>				<b>24,189</b>			<b>17,071</b>
(Surplus)/Deficit on Revaluation of Non Current Assets	11 & 19			(4,435)			(7,928)
Impairment losses on non-current assets charged to the revaluation reserve	11 & 19			-			492
Actuarial (gains) or losses on Pension assets and liabilities	19			(95,785)			132,552
<b>Other comprehensive income and expenditure</b>				<b>(100,220)</b>			<b>125,116</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>(76,032)</b>			<b>142,187</b>

## BALANCE SHEET AS AT 31 March 2018

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 2018 £000	31 March 2017 £000
<b>Non-Current assets</b>			
Property, plant and equipment	11	110,705	111,948
Trade and other receivables	15	807	975
<b>Total Long-Term assets</b>		<b>111,511</b>	<b>112,923</b>
<b>Current assets</b>			
Inventories	14	266	239
Trade and other receivables	15	8,035	8,216
Short-term Investments (exceeding 3mths)	12	23,007	19,300
Cash and cash equivalents	16	14,446	15,365
<b>Total current assets</b>		<b>45,754</b>	<b>43,120</b>
<b>Total assets</b>		<b>157,265</b>	<b>156,043</b>
<b>Current liabilities</b>			
Trade and other payables	17	(7,175)	(6,191)
Borrowings	12	(614)	(169)
Provisions	18	(713)	(695)
<b>Total current liabilities</b>		<b>(8,502)</b>	<b>(7,055)</b>
<b>Net current assets</b>		<b>37,252</b>	<b>36,064</b>
<b>Total assets less current liabilities</b>		<b>148,763</b>	<b>148,987</b>
<b>Non-current liabilities</b>			
Borrowings	12	(26,839)	(27,021)
Pensions Liability	29	(733,309)	(809,183)
Provisions	18	(454)	(654)
<b>Total non current liabilities</b>		<b>(760,602)</b>	<b>(836,858)</b>
<b>Total liabilities</b>		<b>(769,104)</b>	<b>(843,913)</b>
<b>Net assets employed</b>		<b>(611,839)</b>	<b>(687,870)</b>
<b>Unusable Reserves</b>			
Revaluation reserve	19	(29,461)	(30,054)
Capital Adjustment Account	19	(54,319)	(54,799)
Pensions Reserve	19	733,309	809,183
Council Tax + Business Rates Adjustment Accounts	19	(348)	(1,266)
Accumulated Absence Account	19	723	962
PFI - Equalisation Fund	19	(807)	(831)
		<b>649,097</b>	<b>723,194</b>
<b>Usable Reserves</b>			
General fund balance	19	(5,315)	(5,319)
Earmarked reserves	19	(31,944)	(29,985)
Capital Grants Unapplied		-	(21)
		<b>(37,259)</b>	<b>(35,324)</b>
<b>Total Reserves</b>		<b>611,839</b>	<b>687,870</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED  
31 March 2018**

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	2017/18 £000	2016/17 £000
<b>Cash flows from operating activities</b>			
Net deficit on provision of services		<b>(24,189)</b>	(17,071)
<u>Adjustments to deficit relating to non cash movements</u>			
Depreciation and Impairment	11	<b>7,581</b>	6,249
Pension Liability	19	<b>19,911</b>	18,569
(Increase)/decrease in inventories	14	<b>(27)</b>	14
(Increase)/decrease in debtors	15	<b>349</b>	2,527
Increase/(decrease) in creditors	17	<b>984</b>	126
Increase/(decrease) in provisions	18	<b>(183)</b>	(318)
Other non cash movement	13.4	<b>1,734</b>	41
<b>Net cash inflow/(outflow) from operating activities</b>		<b>6,161</b>	<b>10,136</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>6,161</b>	10,136
<b>Net cash inflow/(outflow) from investing activities</b>	13.2	<b>(6,957)</b>	(5,946)
<b>Cash outflow from financing activities</b>	13.3	<b>(122)</b>	(162)
<b>Net increase/(decrease) in cash and cash equivalents</b>	16	<b>(918)</b>	4,028
<b>Cash/cash equivalents (and bank overdrafts) at the beginning of the financial year</b>	16	15,365	11,338
<b>Cash/cash equivalents (and bank overdrafts) at the end of the financial year</b>	16	<b>14,446</b>	<b>15,365</b>

## STATEMENT OF MOVEMENT IN RESERVES FOR THE YEAR ENDED 31 March 2018

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.

		Total General fund balance	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Total Usable Reserves	Total Unusable Reserves	Total Reserves
Note		£000	£000	£000	£000	£000	£000
	<b>Balance carried forward as at 31 March 2017</b>	<b>35,303</b>	-	21	35,324	(723,194)	(687,870)
	<b>Movement in reserves during 2017/18</b>						
	Cost of Service	(24,189)			(24,189)		(24,189)
	Other Comprehensive Income and Expenditure	-			-	100,220	100,220
	Total Comprehensive Income and Expenditure	(24,189)	-	-	(24,189)	100,220	76,032
	<b>Adjustments between accounting basis and funding basis under regulations</b>						
	<u>PFI Adjustment</u>						
	<u>Adjustments involving the Capital Adjustment Account</u>						
	<b>Reversal of items in the C.I.E.S.</b>						
	Depreciation, impairment & revaluation losses						
	Reversal of Impairments	7,899			7,899	(7,899)	-
	Net gain or loss on sale of non-current assets	(318)			(318)	318	-
		985	-		985	(985)	-
	<b>Insertion of items not in the C.I.E.S.</b>						
	Minimum Revenue Provision	(2,131)			(2,131)	2,131	-
	Capital expenditure funded direct from revenue	(906)			(906)	906	-
	<u>Adjustments involving the Pensions Reserve</u>						
	Reversal of items related to pension benefits debited or credited to the Comprehensive Income and Expenditure Account	29,014			29,014	(29,014)	-
	Employers pension contributions and direct payments to pensioners	(9,103)			(9,103)	9,103	-
	<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	918			918	(918)	-
	<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	(239)			(239)	239	-
	<u>Adjustments to Capital Resources</u>						
	Application of capital grants to finance capital			(21)	(21)	21	-
	<b>Total Adjustments between accounting basis and funding basis under regulations</b>	<b>26,144</b>	-	(21)	26,123	(26,123)	-
	<b>Increase/Decrease in year</b>	<b>1,955</b>	-	(21)	1,934	74,098	76,032
	<b>Balance carried forward as at 31 March 2018</b>	<b>37,258</b>	-	-	37,258	(649,097)	(611,839)

STATEMENT OF MOVEMENT IN RESERVES FOR THE YEAR ENDED 31 March 2017

		Total General fund balance £000	Capital Receipts Reserve	Capital Grants Unapplied Reserve	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
<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, impairment & revaluation losses	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)	-
<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>							
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>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).

#### 2017/18

	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	49,082	33,638	82,720
<b>Net cost of services</b>	<b>49,082</b>	<b>33,638</b>	<b>82,720</b>
Other income and expenditure	(51,038)	(7,493)	(58,532)
<b>(Surplus) or Deficit</b>	<b>(1,956)</b>	<b>26,144</b>	<b>24,189</b>
Opening General Fund	35,304		
Plus Surplus on General Fund balance in year	1,956		
Closing General Fund balance at 31 March	37,259		

#### 2016/17

	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	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>17,069</b>
Opening General Fund	29,812		
Plus Surplus on General Fund balance in year	5,492		
Closing General Fund balance at 31 March	35,304		



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 1.3 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 2017/18. 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".

	2017/18			2016/17		
	£000	£000	£000	£000	£000	£000
<u>Amounts as reported to management</u>						
Employees	55,533			54,602		
Premises	3,859			3,502		
Transport	3,462			3,105		
Supplies & Services	5,590			5,052		
Establishment Costs	687			566		
External Support Costs	886			883		
Capital and Lease Financing Costs	4,266			4,383		
<u>Gross Expenditure</u>		74,282			72,093	
<u>Gross Income</u>		(5,540)			(5,027)	
Contributions to or (from) reserves		3,531			4,718	
Net Expenditure		72,273			71,784	
Government Grant and Council Tax Income (budget for the year)		(72,596)			(73,977)	
<b>Net surplus - to be transferred to reserves</b>		(322)			(2,193)	
Contributions to reserves		(3,531)			(4,718)	
Transfers between Usable Reserves		(103)			(237)	
Spending from Earmarked Reserves		2,000			1,655	
<b>Net movement in Earmarked Reserves</b>			(1,956)			(5,493)
<u>Amounts in the CIES not reported to management</u>						
Depreciation and impairment	7,581			6,249		
Net charges made for retirement benefits	29,014			27,858		
Surplus of PFI Equalisation Fund	24			12		
Employee Absence Accrual	(239)			60		
Deficit/(Surplus) on Council Tax and NNDR Collection Fund	918			461		
Net (Gain) or Loss on Sale of non-current Assets	985			147		
Capital Grants in year	-			(21)		
		38,284			34,766	
<u>Amounts in management information not included in the Cost of Services in the CIES</u>						
Minimum Revenue Provision	(2,131)			(2,155)		
Direct Revenue funding to Capital	(906)			(759)		
Employers Contributions to Pensions	(9,103)			(9,289)		
		(12,140)			(12,203)	
<b>Total Adjustment Between funding and Accounting Basis (Surplus) or deficit on provision of services</b>			26,144			22,563
			24,189			17,070



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT BEEN ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code) requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified.

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:

- Financial Instruments, classification of Financial Assets (IFRS 9)
- Commercialisation Agenda and Revenue from Contracts (IFRS 15)

### 3 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 2017/18 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 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.

Red One Ltd has not been consolidated due to materiality as agreed by Audit, Performance and Review Committee in January 2018.

### 4 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 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

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.	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 31st March 2018 by actuarial valuation. For 2017/18, we used data from 12 months valuations.	As we have used a full year's valuation, restatement won't be required.
Provisions	The Authority has made a provision of £0.4m for successful NNDR 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

### 5 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.

### 6 EVENTS AFTER THE BALANCE SHEET DATE

The draft Statement of Accounts was authorised for issue by Treasurer on the 24 May 2018. 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 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

### 7 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This Movement In Reserves 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.

### 8 OTHER OPERATING INCOME AND EXPENDITURE

	2017/18	2016/17
	£000	£000
(Gains)/losses on the disposal of non-current assets	985	147
Communities for Local Government Firefighters Pension Top-Up Grant	(10,591)	(11,234)
	<u>(9,606)</u>	<u>(11,087)</u>

### 9 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2017/18	2016/17
	£000	£000
Interest on Loans	1,290	1,293
Investment income	(186)	(205)
Pensions Interest and administration Cost	21,648	23,407
	<u>22,752</u>	<u>24,495</u>

### 10 TAXATION AND NON SPECIFIC GRANT INCOMES

	2017/18	2016/17
	£000	£000
Council tax income	(48,880)	(47,171)
Non domestic rates	(13,790)	(14,050)
Non-ring-fenced government grants	(9,007)	(12,294)
Capital grants and contributions	0	(21)
	<u>(71,677)</u>	<u>(73,536)</u>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 11. PROPERTY PLANT AND EQUIPMENT

	Land	Buildings excluding dwellings	Plant and machinery	Transport	Total
2017/18	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2017	18,376	79,289	4,646	22,468	124,779
Additions purchased	-	1,772	446	671	2,889
Additions donated	-	-	-	-	-
Additions government granted	-	-	-	-	-
Reclassifications	-	-	268	(268)	-
Derecognition - disposals	-	-	(2,996)	(824)	(3,820)
Reversal of impairments	-	318	-	-	318
Impairments	-	-	-	-	-
Revaluation Increase/(decrease):					
- to Revaluation Reserve	2	(682)	-	-	(680)
- to Surplus/Deficit on the provision of services	-	(1,108)	-	-	(1,108)
<b>At 31 March 2018</b>	<b>18,378</b>	<b>79,589</b>	<b>2,364</b>	<b>22,047</b>	<b>122,378</b>
Depreciation at 1 April 2017	-	(747)	(2,562)	(9,522)	(12,831)
Reclassifications	-	-	(134)	134	-
Reclassified as held for sale	-	-	-	-	-
Derecognition - disposals	-	-	2,262	572	2,834
Revaluation removals	-	5,114	-	-	5,114
Impairments	-	-	-	-	-
Reversal of Impairments	-	-	-	-	-
Charged during the year	-	(4,371)	(558)	(1,862)	(6,791)
<b>Depreciation at 31 March 2018</b>	<b>-</b>	<b>(4)</b>	<b>(992)</b>	<b>(10,678)</b>	<b>(11,674)</b>
<b>Net book value</b>					
As at 31 March 2017	18,376	78,542	2,084	12,946	111,948
As at 31 March 2018	18,378	79,585	1,372	11,369	110,704
<b>Asset financing</b>					
Owned	18,378	78,524	1,372	11,369	109,643
Finance Leased	-	-	-	-	-
Private finance initiative	-	-	-	-	-
PFI residual interests	-	1,061	-	-	1,061
<b>Total 31 March 2018</b>	<b>18,378</b>	<b>79,585</b>	<b>1,372</b>	<b>11,369</b>	<b>110,704</b>

### SIGNIFICANT COMMITMENTS UNDER CAPITAL CONTRACTS

As at 31 March 2018 the Authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2018/19 and future years budgeted to cost £1.9m. There were similar commitments at 31 March 2017 of £1.0m. Of these contracts there are two of significant value, being £0.5m committed to vehicle washing works and £1.3m to Rapid Intervention Vehicles.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 11.1 PROPERTY PLANT AND EQUIPMENT VALUATIONS

	Land	Buildings excluding dwellings	Plant and machinery	Transport	Total
	£000	£000	£000	£000	£000
2017/18					
Valued at Historical Cost	-	-	2,364	22,047	24,411
Valued at Current Value in:					
2017/18	18,378	79,589	-	-	97,967
2016/17	-	-	-	-	-
2015/16	-	-	-	-	-
2014/15	-	-	-	-	-
2013/14	-	-	-	-	-
<b>Total</b>	<b>18,378</b>	<b>79,589</b>	<b>2,364</b>	<b>22,047</b>	<b>122,378</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 a qualified surveyor (FRICS) in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The basis for valuation is set out in the Statement of Accounting Policies.

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

### 11.2 PROPERTY PLANT AND EQUIPMENT PRIOR YEAR

	Land	Buildings excluding dwellings	Plant and machinery	Transport	Total
	£000	£000	£000	£000	£000
2016/17					
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	<b>18,376</b>	<b>77,497</b>	<b>2,084</b>	<b>12,946</b>	<b>110,903</b>
Finance Leased	-	-	-	-	-
Private finance initiative	-	-	-	-	-
PFI residual interests	-	<b>1,045</b>	-	-	<b>1,045</b>
<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>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 12 FINANCIAL INSTRUMENTS

#### 12.1 BALANCE SHEET FINANCIAL INSTRUMENTS

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

	Long-Term		Current	
	£000	£000	£000	£000
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
<b>Financial Liabilities</b>				
Borrowings at amortised cost (PWLb)	(25,631)	(25,722)	(524)	(93)
Private Finance Initiative	(1,209)	(1,299)	(90)	(75)
Finance Lease	-	-	-	-
Commercial Bank	-	-	-	-
Creditors	-	-	(5,650)	(4,361)
	<b>(26,839)</b>	<b>(27,021)</b>	<b>(6,265)</b>	<b>(4,530)</b>
*Excludes following amounts which are not classed as financial instruments				
Income in advance			(118)	(118)
Non contractual creditors e.g. council tax			(684)	(751)
Accumulated absence accrual			(723)	(962)
<b>Amount shown as short-term creditors in balance sheet</b>			<b>(7,175)</b>	<b>(6,191)</b>
<b>Financial Assets</b>				
Cash at Bank	-	-	146	3
Investments (Cash equivalents)	-	-	14,300	15,362
Investments (exceeding 3 mths.)	-	-	23,007	19,300
Debtors	807	975	6,086	6,180
	<b>807</b>	<b>975</b>	<b>43,538</b>	<b>40,844</b>
**Excludes following amounts which are not classed as financial instruments				
Non contractual debtors e.g. council tax			930	1,017
Payments in advance			1,019	1,019
<b>Amount shown as current trade &amp; other receivables in balance sheet</b>			<b>8,035</b>	<b>8,216</b>

#### 12.2 INCOME AND EXPENDITURE FINANCIAL INSTRUMENTS

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

	Financial Liabilities		Financial Assets		Total	
	£000	£000	£000	£000	£000	£000
	31 March	31 March	31 March	31 March	31 March	31 March
	2018	2017	2018	2017	2018	2017
Interest Expense	(1,290)	(1,293)	-	-	(1,290)	(1,293)
<b>Interest payable and similar charges</b>	<b>(1,290)</b>	<b>(1,293)</b>	<b>-</b>	<b>-</b>	<b>(1,290)</b>	<b>(1,293)</b>
Interest Income	-	-	186	205	186	205
<b>Interest and Investment Income</b>	<b>-</b>	<b>-</b>	<b>186</b>	<b>205</b>	<b>186</b>	<b>205</b>
<b>Net Gain/(loss) for the year</b>	<b>(1,290)</b>	<b>(1,293)</b>	<b>186</b>	<b>205</b>	<b>(1,104)</b>	<b>(1,088)</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 12.3 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

For loans from the PWLB, 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 2018	£000 31 March 2017	£000 31 March 2018	£000 31 March 2017
Total Debt				
- PWLB	(26,155)	(25,815)	(35,210)	(35,224)
- Other Credit Arrangements	(1,299)	(1,375)	(1,299)	(1,375)
- Commercial Overdraft	-	-	-	-
Trade and other creditors	(5,650)	(4,361)	(5,650)	(4,361)
Total Liabilities	<b>(33,104)</b>	<b>(31,550)</b>	<b>(42,159)</b>	<b>(40,959)</b>

FINANCIAL ASSETS	Carrying Amount		Fair Values	
	£000 31 March 2018	£000 31 March 2017	£000 31 March 2018	£000 31 March 2017
Financial assets				
Total Investments	37,307	34,662	37,322	34,734
Cash and Bank	146	3	146	3
Trade and other debtors	6,892	7,155	6,892	7,155
Total Financial assets	<b>44,345</b>	<b>41,819</b>	<b>44,360</b>	<b>41,892</b>

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 31/03/2018) 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.

### 13 CASH FLOW STATEMENT NOTES

#### 13.1 OPERATING ACTIVITIES

The cash flows for operating activities include the following items;

	2017/18 £000	2016/17 £000
Interest Received	186	205
Interest Paid	(1,290)	(1,293)
<b>Total</b>	<b>(1,104)</b>	<b>(1,088)</b>

#### 13.2 INVESTMENT ACTIVITIES

	2017/18 £000	2016/17 £000
Payments for property, plant and equipment	(3,250)	(2,667)
Sale of investments	-	-
Increase in Short-Term Deposits	(3,707)	(3,300)
Capital Grant Received	-	21
<b>Net Cash Flows from investing activities</b>	<b>(6,957)</b>	<b>(5,946)</b>

#### 13.3 FINANCING ACTIVITIES

	2017/18 £000	2016/17 £000
Loans Repaid	(47)	(93)
Loan Capital Repayments of PFI and finance leases	(75)	(69)
<b>Net Cash Flows from investing activities</b>	<b>(122)</b>	<b>(162)</b>

#### 13.4 OTHER NON CASH MOVEMENT

	2017/18 £000	2016/17 £000
(Gains)/losses on the disposal of non-current assets	985	147
PWLB Interest due, paid in new year	524	(125)
Other Adjustments	224	20
<b>Net Other non cash movement</b>	<b>1,734</b>	<b>41</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 14 INVENTORIES

	31 March 2018 £000	31 March 2017 £000
Uniforms and Protective Clothing	97	86
Vehicle Spares Stocks	94	86
Equipment Stocks	75	67
<b>Total</b>	<b>266</b>	<b>239</b>

### 15 DEBTORS

#### 15.1 Trade and other receivables

	Current		Non-current	
	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
<b>Current Assets</b>				
Central Government Departments	3,750	3,501	-	-
Other Local Authorities	2,420	2,761	807	831
NHS bodies	-	130	-	-
Other	1,920	1,829	-	144
Provision for the impairment of receivables	(55)	(5)	-	-
<b>Total</b>	<b>8,035</b>	<b>8,216</b>	<b>807</b>	<b>975</b>

#### 15.2 Receivables past their due date but not impaired

	31 March 2018 £000	31 March 2017 £000
By up to three months	15	421
By three to six months	2	2
By more than six months	422	-
<b>Total</b>	<b>439</b>	<b>423</b>

#### 15.3 Provision for impairment of receivables

	31 March 2018 £000	31 March 2017 £000
<b>Balance at 1 April</b>	(5)	(5)
(Increase)/decrease in receivables impaired	(50)	-
<b>Balance at 31 March</b>	<b>(55)</b>	<b>(5)</b>

### 16 CASH AND CASH EQUIVALENTS

	31 March 2018 £000	31 March 2017 £000
Balance at 1 April	15,365	11,338
Net change in year	(919)	4,027
<b>Balance at 31 March</b>	<b>14,446</b>	<b>15,365</b>
<b>Made up of</b>		
Commercial banks and cash in hand	146	3
Current investments (less than 3 Months to maturity)	14,300	15,362
<b>Cash and cash equivalents as in statement of financial position</b>	<b>14,446</b>	<b>15,365</b>
Bank Balance - Commercial banks	-	-
<b>Cash and cash equivalents as cash flow statement</b>	<b>14,446</b>	<b>15,365</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 17 CREDITORS

	Current		Non-current	
	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
<b>Current Liabilities</b>				
Central Government Departments	(696)	(1,141)	-	-
Other Local Authorities	(1,944)	(1,326)	-	-
NHS bodies	-	(1)	-	-
Other entities and individuals	(3,813)	(2,761)	-	-
Accum absence	(723)	(962)	-	-
Defined Benefit Pension Schemes	-	-	(733,309)	(809,183)
<b>Total</b>	<b>(7,175)</b>	<b>(6,191)</b>	<b>(733,309)</b>	<b>(809,183)</b>

### 18 PROVISIONS

	Current		Non-current	
	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
Firefighter Employer Pension Contribution	(713)	(695)	(42)	(60)
NDR Appeals Provision	-	-	(412)	(299)
PFI Equalisation	-	-	-	(295)
<b>Total</b>	<b>(713)</b>	<b>(695)</b>	<b>(454)</b>	<b>(654)</b>

	Firefighter Employer Pension Contribution £000	PFI Equalisation £000	NDR Appeals £000	Total £000
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)
Unwinding of discount	-	-	-	-
At 31 March 2017	755	295	299	1,350
At 1 April 2017	755	295	299	1,350
Arising during the year	19	-	-	19
Used during the year	(20)	(295)	-	(315)
Reversed unused	-	-	113	113
At 31 March 2018	754	-	412	1,167
<b>Expected timing of cash flows:</b>				
Between 1 April 2018 & 31 March 2019	713	-	-	713
Thereafter	42	-	412	454



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 19 USABLE AND UNUSABLE RESERVES

#### 19.1 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 2017/18.

2017/18

Earmarked reserve	Balance 1 April	Transfers In	Transfers Out	Balance 31 March
	£000	£000	£000	£000
Investment in Community Safety	89	3	(53)	38
Mobilisation ICT Equipment	37	-	(37)	0
Home Safety Visits	381	-	(252)	129
Uniform replacement	542	-	(38)	504
Station Improvements	236	-	(39)	197
Grants Unapplied	1,528	306	(127)	1,707
Change and improvement	894	-	(402)	492
CSR strategy reserve	4,957	322	(0)	5,279
Commercial Services	172	-	(100)	72
Support for Capital Programme	16,577	323	(252)	16,648
Telephone System Replacement	215	-	-	215
Pensions Reserve	1,525	-	-	1,525
NNDR Smoothing Reserve	642	-	-	642
National Procurement Project	399	-	(184)	215
ICT Network Enhancements	50	-	(50)	-
Estates Revenue Projects	160	-	(103)	57
Performance Management System Replacement	230	-	-	230
Risk Critical Operational Equipment	38	-	-	38
Firefighter fitness monitoring & support	175	-	(41)	134
Operational Safety - new training model	404	-	(191)	212
PFI Equalisation	-	295	-	295
Breathing Apparatus Replacement	-	1,650	-	1,650
Mobile Data Terminals Replacement	-	800	-	800
Emergency Services Mobile Communications Project	688	257	(80)	865
SHQ Canteen remodel	49	-	(49)	-
<b>Total Earmarked Reserves</b>	<b>29,985</b>	<b>3,956</b>	<b>(1,997)</b>	<b>31,944</b>
General Fund (non Earmarked) Balance	5,319	-	(3)	5,316
<b>Total General Fund</b>	<b>35,304</b>	<b>3,956</b>	<b>(2,000)</b>	<b>37,260</b>

2016/17

Earmarked reserve	Balance 1 April	Transfers In	Transfers Out	Balance 31 March
	£000	£000	£000	£000
Investment in Community Safety	173	-	(84)	89
Mobilisation ICT Equipment	46	-	(9)	37
Home Safety Visits	100	281	-	381
Uniform replacement	996	-	(455)	542
Station Improvements	297	-	(61)	236
Grants Unapplied	950	854	(275)	1,528
Change and improvement	1,112	475	(693)	894
CSR strategy reserve	4,957	-	-	4,957
Commercial Services	191	-	(19)	172
Support for Capital Programme	12,912	3,679	(14)	16,577
Telephone System Replacement	215	-	-	215
Specialist Rescue Level 4 Boat Training	33	-	(33)	-
Pensions Reserve	1,525	-	-	1,525
Thermal Imaging Cameras	19	-	(19)	-
NNDR Smoothing Reserve	612	30	-	642
National Procurement Project	372	-	27	399
Firefighter fitness	15	-	(15)	-
Aide Memoire for appliances	5	-	(5)	-
ICT Network Enhancements	-	50	-	50
Estates Revenue Projects	-	160	-	160
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>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 19.2 UNUSABLE RESERVES

	31 March 2018 £000	31 March 2017 £000
Revaluation Reserve	(29,461)	(30,054)
Capital Adjustment Account	(54,319)	(54,799)
Pensions Reserve	733,309	809,183
Collection Fund Adjustment Account	(981)	(1,161)
NNDR Adjustment Account	633	(105)
Accumulated Absences Account	723	962
PFI Equalisation Fund	(807)	(831)
<b>Total</b>	<b>649,098</b>	<b>723,195</b>

#### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the

	2017/18 £000	2016/17 £000
<b>Balance at 1 April</b>	<b>(54,799)</b>	<b>(54,094)</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	3,819	790
Revaluation losses on property, plant and equipment	1,107	
Charges for depreciation and impairment of non-current assets	6,474	6,249
	<b>11,400</b>	<b>7,039</b>
Minimum Revenue Provision	(2,131)	(2,155)
Capital Expenditure charged against the Revenue Account	(906)	(759)
Capital Receipts Reserve	-	(14)
Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(21)	
Adjusting amounts written out of the Revaluation Reserve	(1,615)	(1,515)
Depreciation written down in-year	(6,247)	(3,301)
<b>Balance at 31 March</b>	<b>(54,319)</b>	<b>(54,799)</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.

	2017/18 £000	2016/17 £000
<b>Balance at 1 April</b>	<b>(30,054)</b>	<b>(26,805)</b>
Upward Revaluation of assets	(5,430)	(5,256)
Downward revaluations	4,408	492
Difference between fair value depreciation and historical cost depreciation	1,615	1,515
<b>Balance at 31 March</b>	<b>(29,461)</b>	<b>(30,054)</b>

### 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.

	2017/18 £000	2016/17 £000
<b>Balance at 1 April</b>	<b>809,183</b>	<b>658,061</b>
Remeasurements of the net defined liability/ (asset)	(95,785)	132,552
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on Provision of services	29,014	27,858
Employer's pensions contributions and direct payments to pensioners payable in the year	(9,103)	(9,289)
<b>Balance at 31 March</b>	<b>733,309</b>	<b>809,183</b>

### 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.

	2017/18 £000	2016/17 £000
<b>Balance at 1 April</b>	<b>(1,161)</b>	<b>(1,280)</b>
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	181	119
<b>Balance at 31 March</b>	<b>(981)</b>	<b>(1,161)</b>

## 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>2017/18</b>	2016/17
	<b>£000</b>	£000
<b>Balance at 1 April</b>	<b>(105)</b>	(447)
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>738</b>	342
<b>Balance at 31 March</b>	<b>633</b>	(105)

### 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>2017/18</b>	2016/17
	<b>£000</b>	£000
<b>Balance at 1 April</b>	<b>962</b>	902
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>(239)</b>	60
<b>Balance at 31 March</b>	<b>723</b>	962

### 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 2018 a surplus of £0.807m (£0.831m as at 31 March 2017) was attributable to Devon and Somerset FRA and this has been included as a PFI debtor against Gloucestershire County Council.

	<b>2017/18</b>	2016/17
	<b>£000</b>	£000
<b>Balance at 1 April</b>	<b>(831)</b>	(843)
PFI Surplus for the year	<b>24</b>	12
<b>Balance at 31 March</b>	<b>(807)</b>	(831)

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 20 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	2017/18	2016/17
	£	£	£	£
Kevin Ball	395	-	395	2,619
Michael Best	2,245	-	2,245	-
Frank Biederman	2,238	454	2,691	-
Ann Bown	6,565	634	7,199	7,807
Peter Burridge-Clayton	2,626	1,049	3,675	3,268
Caroline Chugg	2,626	980	3,606	3,253
Simon Coles	4,924	1,582	6,506	3,202
Polly Colthorpe	2,626	-	2,626	2,600
William Dyke	688	409	1,097	8,210
Andrew Eastman	3,500	646	4,147	6,210
Michael Edmunds	275	62	337	3,380
Victor Ellery	2,626	604	3,230	2,681
Brian Greenslade	3,921	1,370	5,291	10,742
Robert Hannaford	2,238	-	2,238	-
Mark Healey	16,546	3,240	19,786	27,651
Neil Hendy	2,626	307	2,933	2,605
Roy Hill	275	85	360	2,761
Richard Hosking	2,238	375	2,612	-
James Hunt	424	49	472	-
Robin Julian	275	65	340	3,408
James Knight	275	-	275	2,600
Martin Leaves	2,626	-	2,626	2,630
Terry Napper	1,828	-	1,828	-
Ronald Peart	2,238	248	2,485	-
Graham Prowse	2,238	-	2,238	-
Ray Radford	988	57	1,045	7,084
Sara Randall Johnson	13,166	620	13,787	2,529
Leigh Redman	5,474	1,171	6,646	3,479
John Riley	2,626	-	2,626	2,251
Andrew Saywell	6,375	854	7,230	-
David Thomas	8,686	405	9,091	9,113
Jeffrey Trail	2,238	68	2,305	-
Linda Vjeh	1,401	-	1,401	-
William Wallace	438	-	438	-
Nicholas Way	395	-	395	2,600
George Wheeler	5,613	933	6,546	3,210
John Woodman	1,284	48	1,332	10,031
Derek Yeomans	212	38	250	2,436
<b>Totals</b>	<b>117,978</b>	<b>16,538</b>	<b>134,517</b>	<b>138,360</b>

### 21 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.

#### 21.1 Number of Employees earning in excess of £50,000

	2017/18	2016/17
£50,000 - £54,999	35	28
£55,000 - £59,999	26	23
£60,000 - £64,999	11	6
£65,000 - £69,999	4	3
£70,000 - £74,999	3	3
£75,000 - £79,999	2	2
£80,000 - £84,999	-	1
£85,000 - £89,999	-	3
£90,000 - £94,999	2	-
£95,000 - £99,999	-	1
£110,000 - £114,999	1	-
£125,000 - £129,999	1	-
£150,000 - £155,999	1	1

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 21.2 Senior Officers Remuneration 2017/18 over £50k

The number of posts attracting remuneration over £50k has reduced slightly in 2017/18. 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 2016/17.

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 2017/18
	£	£	£	£	£	£
Chief Fire Officer (a) Lee Howell	150,829	-	-	150,829	30,066	180,895
Chief Fire Officer (b)	128,689	-	-	128,689	24,547	153,236
Assistant Chief Fire Officer (c)	90,775	1,463	-	92,238	14,871	107,109
Assistant Chief Fire Officer	114,406	-	-	114,406	13,053	127,459
Area Manager – Central Operations (d)	60,422	-	-	60,422	12,907	73,329
Area Manager - Head of Transformational Change	73,333	510	-	73,843	9,847	83,690
Area Manager - Head of Organisational Assurance (e)	52,165	3,112	-	55,277	10,810	66,087
Area Manager Collaboration (f)	62,474	-	-	62,474	7,434	69,908
Area Manager - Head of Organisational Assurance (g)	74,882	1,660	-	76,542	8,436	84,978
Area Manager – Central Operations (h)	74,244	2,186	-	76,430	14,706	91,136
Area Manager – Area Operations	74,214	-	-	74,214	16,104	90,318
Area Manager - Head of Training	71,637	-	-	71,637	8,951	80,588
Head of ICT	57,324	-	-	57,324	11,235	68,559
HR Manager	58,938	-	-	58,938	11,552	70,490
Head of Estates	57,324	-	-	57,324	11,235	68,559
Head of Procurement and Fleet	51,901	4,354	-	56,255	10,173	66,428
Head of Fleet	55,099	-	-	55,099	-	55,099
Director of Finance (i)	63,564	-	-	63,564	11,907	75,471
Director of Corporate Services	86,411	4,881	-	91,292	16,937	108,229
Director of People & Organisational Development (j)	14,224	732	156,383	171,339	150,034	321,373
Treasurer (k)	22,880	-	-	22,880	-	22,880
Commercial Business Development Manager (l)	30,838	-	-	30,838	5,355	36,193
	<b>1,526,573</b>	<b>18,898</b>	<b>156,383</b>	<b>1,701,854</b>	<b>400,160</b>	<b>2,102,014</b>

(a) Seconded 02/11/2017  
 (b) In Post from 02/11/2017  
 (c) In Post from 02/11/2017  
 (d) Commenced Post 19/02/2018  
 (e) Joined 10th July 2017  
 (f) Commenced Post 20/11/2017  
 (g) Left Post 19/03/2018  
 (h) Left Service 24/03/2018  
 (i) In Post from 01/10/2017  
 (j) Left Post 09/06/2017  
 (k) Left Post 31/10/2017  
 (l) Left Post 25/09/2017

### Senior Officers Remuneration 2016/17 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 2016/17
	£	£	£	£	£	£
Chief Fire Officer	149,335	1,784	-	151,119	32,406	183,525
Assistant Chief Fire Officer (a)	97,316	294	-	97,610	20,580	118,190
Assistant Chief Fire Officer (b)	86,452	1,780	-	88,232	7,732	95,964
Assistant Chief Fire Officer (j)	94,256	314	-	94,570	17,458	112,028
Director of Corporate Services	85,556	4,416	-	89,972	15,742	105,714
Director of People & Organisational Development	85,556	4,086	-	89,642	15,742	105,384
Treasurer>	36,690	-	-	36,690	-	36,690
Area Manager	78,768	0	-	78,768	16,539	95,307
Area Manager (c)	65,482	1,241	-	66,723	13,625	80,348
Area Manager (e)	74,531	1,127	-	75,658	15,637	91,295
Area Manager (f)	77,481	162	-	77,643	14,812	92,455
Area Manager (g)	73,916	776	-	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	-	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	-	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	-	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>-</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  
 >Remunerated via Personal Service Co.  
 \* Part-time

### 21.3 Exit Packages agreed

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

Exit Package Cost Band (including special payments)	No of Compulsory Redundancies		No of other departures agreed		Total No of exit packages by cost band		Total cost of exit packages in each band	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
£0 - £20,000	2	4	3	2	5	6	£51,042	£29,585
£20,001 - £40,000	0	0	0	2	0	2	£0	£60,030
£40,001 - £60,000	0	0	0	1	0	1	£0	£44,429
£300,001 - £320,000	0	0	1	0	1	0	£303,211	£0
<b>Total</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>9</b>	<b>£354,253</b>	<b>£134,044</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 22 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.

	2017/18 £000	2016/17 £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
<b>Total</b>	<b>34</b>	<b>39</b>

### 23 GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement (CIES) in 2017/18

	2017/18 £000	2016/17 £000
Grants		
New Dimensions Grant	(1,289)	(988)
Firelink Grant	(1,038)	(1,562)
Hinkley Point Grant	(174)	(25)
Rural Services Delivery Grant	(340)	(421)
Business Rates Relief	(651)	(503)
Section 31 Grants (Minor)	(188)	(85)
Procurement Grant Funding	-	(190)
Capitalisation funding Grant	(188)	(149)
Sub Total Grants	<b>(3,868)</b>	<b>(3,924)</b>
Canteen income	(6)	(24)
Insurance cost recovery	(81)	46
Legal fees	(6)	(17)
Procurement income from Frameworks	(81)	(82)
Rental income	(98)	(65)
Secondment income	(166)	(89)
Vehicle sales and maintenance	(32)	(65)
Other income and donations	(260)	(291)
Corresponder Income	(196)	(137)
JCP Phoenix Courses	-	(11)
PFI Fair value	(447)	(447)
Training Income	(533)	(312)
Sub Total Other Income	<b>(1,905)</b>	<b>(1,495)</b>
<b>Total within cost of services in the CIES</b>	<b>(5,772)</b>	<b>(5,418)</b>



## NOTES TO THE CORE FINANCIAL STATEMENTS

### 24 RELATED PARTY TRANSACTIONS

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

**Central Government** 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 23.

**Members** Members of the Authority have direct control over the Service's financial and operating policies. The total of members' allowances paid in 2017/18 is shown in Note 20. 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 2017/18 no material transactions were disclosed.** The table below summarises transactions with other public bodies.

	2017/18 £000	2016/17 £000
<b>Central government income</b>		
New Dimensions Grant	(1,289)	(988)
<b>Red One Limited^</b>		
Receipts from Red One Ltd of training income and reimbursements	(533)	(574)
<b>Devon County Council</b>		
Payments to DCC for provision of financial services	94	93
Payments to DCC Pension Fund for employers contributions	1,687	1,540
Payments to DCC for provision of payroll services	36	55
<b>Cornwall Council</b>		
Payments to CC for provision of legal services	60	70
<b>Plymouth City Council</b>		
Payments to PCC for provision of legal services	36	30
<b>SAFE South West"</b>		
Payments to support SAFE Charity including transfer of grant funds	0	25
<b>FRIC*</b>		
Payments for Insurance	724	701

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 and Plymouth City Council. The Authority provides other support services such as accounting and property management in-house.

#### **^Red One Ltd.**

In 2013 the Authority established Red One Ltd., which is a wholly owned subsidiary limited by shares, to enable trading activity to take place. The company focuses on selling training and specialist staffing solutions to public and private sector clients both in the UK and overseas. Any costs born by the Authority in relation to this activity are directly reimbursed and an annual dividend is paid over to the Authority from retained profits. The Authority and management have made a judgement that the activities of Red One Ltd. do not have a material impact upon the accounts of the Authority and as a result the accounts have not been consolidated as a group.

#### **"SAFE South West.**

The charity SAFE South West, has a Board of Trustees comprised of ex officio Trustees i.e. the Chair and Vice chair of the Fire Authority Community Safety and Corporate Planning Committee, the DSFRS Assistant Chief Fire Officer (Director of Service Improvement) the Central Operations Manager, the Community Safety Prevention Manager and the Deputy Community Safety Prevention Manager. There is also the capacity for up to 5 Appointed Trustees, currently the charity has two appointed Trustees who are both Members of the Fire Authority.

#### **\*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 £724k to the company for the year end 31 October 2017 of which £302k relates to the 2017/18 financial year.

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 25 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.

	2017/18 £000	2016/17 £000
Opening Capital Financing Requirement	27,097	27,260
<u>Capital investment</u>		
Operational assets	2,889	2,765
<u>Sources of Finance</u>		
Government grants and contributions	(21)	-
Capital receipt	-	(14)
<u>Sums set aside from revenue</u>		
Minimum Revenue Provision	(2,131)	(2,155)
Direct revenue funding	(906)	(759)
<b>Closing Capital Financing Requirement</b>	<b>26,928</b>	<b>27,097</b>
<b>Explanation of movements in year</b>		
	2017/18 £000	2016/17 £000
Increase/(Decrease) in underlying need to borrow	(94)	(94)
(Decrease) in PFI/lease liabilities	(75)	(69)
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>(169)</b>	<b>(163)</b>

### 26 LEASES

#### 26.1 OPERATING LEASES AS LESSEE

Total rentals paid during the year amounted to £0.854m. It is estimated that the outstanding liability for future years, in relation to existing lease agreements is £1.398m.

	2017/18 £000	2016/17 £000
<u>Payments recognised as an expense in year</u>	854	223
<u>Future Minimum Lease Payments payable:</u>		
Not later than one year	514	157
Between one and five years	884	4
<b>Total</b>	<b>1,398</b>	<b>161</b>

#### 26.2 OPERATING LEASES AS LESSEE PRIOR YEAR COMPARISON

	2017/18 £000	2016/17 £000
<u>Payments recognised as an expense in year</u>	854	223
<u>Total Future Minimum Lease Payments</u>		
Payable:		
Not later than one year	514	157
Between one and five years	884	4
After 5 years	-	-
<b>Total</b>	<b>1,398</b>	<b>161</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 27 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 2018 (excluding any estimation of inflation and availability/ performance deductions) are as follows:

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	2017/18 £000	2016/17 £000
Paid in 2017/18	524	75	122	720	703
<b>Outstanding undischarged contract obligations:</b>					
Payable within one year	534	90	115	739	721
Payable within two to five years	2,349	419	376	3,144	3,068
Payable within six to ten years	3,376	791	221	4,387	4,282
Payable within eleven to fifteen years *	-	-	-	-	921
	<u>6,259</u>	<u>1,299</u>	<u>712</u>	<u>8,270</u>	<u>8,991</u>

\* There are ten 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:

	2017/18 £000	2016/17 £000
Balance outstanding at 1 April	1,374	1,444
Payments in year	(75)	(69)
<b>Balance outstanding at 31 March</b>	<u>1,299</u>	<u>1,375</u>

### 28 IMPAIRMENT LOSSES & REVERSALS

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

	2017/18 £000	2016/17 £000
Impairment of Land	-	-
Impairment of Buildings	-	(164)
<b>Net Amount Charged to the CIES</b>	<u>-</u>	<u>(164)</u>

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 29.1 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 2017/18	Total Contributions expected to be made by the authority in the year to 31st March 2019 £000
Local Government Pension Scheme	19.6%	1,631
1992 Firefighters Pension Scheme	21.7%	} 4,592
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 by employees rather than when the benefits are eventually paid as pensions. However the charge which has to be made against council tax is based on the cash payable in the year, so the real cost (service cost) of retirement benefits is reversed out of the General Fund by way of the Movement in Reserves Statement (MIRS).

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 29.2 Pension Schemes

	LG Pension Scheme 2017/18 £000	LG Pension Scheme 2016/17 £000	LG Unfunded 2017/18 £000	LG Unfunded 2016/17 £000	Fire schemes 2017/18 £000	Fire schemes 2016/17 £000	Total 2017/18 £000	Total 2016/17 £000
<b>Comprehensive Income &amp; Expenditure Statement</b>								
<i>Service Cost Comprising:</i>								
Current Service Cost	3,438	2,216	-	-	14,519	13,367	17,957	15,583
Past Service Costs	-	101	-	-	-	-	-	101
<i>Financing and Investment Income and Expenditure:</i>								
Net Interest Expense	1,047	913	10	12	20,565	22,456	21,622	23,381
Administration Expenses	26	26					26	26
CLG Pension top up grant					(10,591)	(11,234)	(10,591)	(11,234)
<b>Total Post-employment benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>4,511</b>	<b>3,256</b>	<b>10</b>	<b>12</b>	<b>24,493</b>	<b>24,589</b>	<b>29,014</b>	<b>27,857</b>
<i>Remeasurement of the net defined benefit liability comprising:</i>								
Expected return on plan assets (excluding the amount included in net interest expense)	(650)	(6,223)					(650)	(6,223)
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>(650)</b>	<b>(6,223)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(650)</b>	<b>(6,223)</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	(4,511)	(3,256)	(10)	(12)	(24,493)	(24,589)	(29,014)	(27,857)
<i>Actual amount charged against the General Fund Balance for pensions in the year</i>								
Employers contributions payable to scheme	1,833	1,676			4,661	4,680	6,494	6,356
Employers contributions payable to scheme (seconded not charged to general fund)	-	2	-	-	7	7	7	10
Ill health charges					363	512	363	512
Retirement benefits payable to pensioners - Authority			18	19	2,221	2,387	2,239	2,406
Retirement benefits payable to pensioners - Fund	1,805	1,237			19,482	20,339	21,287	21,576
<b>Total Retirement benefits payable to pensioners</b>	<b>1,805</b>	<b>1,237</b>	<b>18</b>	<b>19</b>	<b>21,703</b>	<b>22,726</b>	<b>23,526</b>	<b>23,982</b>

## NOTES TO THE CORE FINANCIAL STATEMENTS

Reconciliation of the present value of the scheme liabilities	LG Pension Scheme 2017/18 £000	LG Pension Scheme 2016/17 £000	LG Unfunded 2017/18 £000	LG Unfunded 2016/17 £000	Fire schemes 2017/18 £000	Fire schemes 2016/17 £000	Total 2017/18 £000	Total 2016/17 £000
1st April	87,444	65,921	352	326	770,536	632,962	858,332	699,209
Current Service Cost	3,438	2,216	-	-	14,519	13,367	17,957	15,583
Interest Cost	2,432	2,496	10	12	20,565	22,456	23,007	24,964
Contributions by scheme participants	607	614	-	-	3,860	3,903	4,467	4,517
<i>Remeasurement (gains) and losses:</i>								
Actuarial gains and losses arising on changes in demographic assumptions	-	(63)	-	(7)	20,751	(31,203)	20,751	(31,273)
Actuarial gains and losses arising on changes in financial assumptions	(2,928)	17,828	(5)	40	(51,190)	151,531	(54,123)	169,399
Experience gains and losses	-	(432)	-	-	(61,763)	246	(61,763)	(186)
Past service Costs	-	101	-	-	-	-	-	101
Benefits Paid	(1,805)	(1,237)	(18)	(19)	(21,703)	(22,726)	(23,526)	(23,982)
31st March	<b>89,188</b>	<b>87,444</b>	<b>339</b>	<b>352</b>	<b>695,575</b>	<b>770,536</b>	<b>785,102</b>	<b>858,332</b>

Pensions Assets and Liabilities Recognised in the Balance Sheet	2017/18 £000	2016/17 £000
<b>Present value of liabilities</b>		
LGPS	(89,188)	(87,444)
LGPS- unfunded	(339)	(352)
Firefighters Pension schemes	(655,533)	(726,740)
Firefighters Compensation Regulations	(40,042)	(43,797)
Fair value of assets in the LGPS	51,793	49,149
	<b>(733,309)</b>	<b>(809,183)</b>
Surplus/(deficit) in the scheme:		
LGPS	(37,395)	(38,295)
LGPS- unfunded	(339)	(352)
Firefighters Pension schemes	(655,533)	(726,740)
Firefighters Compensation Regulations	(40,042)	(43,797)
<b>Net Liability arising from defined benefit obligation</b>	<b>(733,309)</b>	<b>(809,183)</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 LGPS Devon Fund being based on the latest full valuation of the scheme undertaken in 2016 and the Devon & Somerset FPS valuation in 2017.

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 29.3 Pension Schemes

Proportion of assets held - LGPS	£000	31 March 2018	£000	31 March 2017
		%		%
Gilts	1,626	3%	1,467	3%
UK Equities	11,104	21%	11,819	24%
Overseas Equities	19,169	37%	17,091	35%
Property	4,819	9%	4,300	9%
Infrastructure	1,858	4%	1,913	4%
Target Return Portfolio	7,735	15%	7,297	15%
Cash	1,265	2%	1,312	3%
Other Bonds	1,059	2%	1,256	3%
Alternative Assets	2,813	5%	2,694	5%
Private Equity	345	1%	0	0%
<b>Total Fair value of LGPS assets</b>	<b>51,793</b>	<b>100%</b>	<b>49,149</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 2018	Year to 31 March 2017
	£000	£000
Opening fair value	49,149	41,148
Interest Income	1,385	1,583
Return on plan assets (excluding the amount included in net interest expense)	650	6,223
Other Actuarial Gains/ (Losses)	-	(834)
Administration Expenses	(26)	(26)
Contributions by employer	1,851	1,697
Contributions by scheme participants	607	614
Estimated benefits paid	(1,823)	(1,256)
<b>Fair value of scheme assets at end of period</b>	<b>51,793</b>	<b>49,149</b>

Basis for establishing assets and liabilities	LG Pension Scheme	LG Pension Scheme	LG Unfunded	LG Unfunded	Fire Schemes	Fire Schemes
	2017/18 £000	2016/17 £000	2017/18 £000	2016/17 £000	2017/18 £000	2016/17 £000
<b>Mortality assumptions</b>						
Longevity at 65 for current pensioners						
Men	23.50	23.40	23.50	23.40	21.40	21.70
Women	25.60	25.50	25.60	25.50	23.70	24.20
Longevity at 65 for future pensioners						
Men	25.70	25.60	25.70	25.60	23.20	23.80
Women	27.90	27.80	27.90	27.80	25.60	26.50
Rate of inflation RPI	3.3%	3.6%	3.3%	3.6%	3.3%	3.6%
Rate of inflation CPI	2.3%	2.7%	2.3%	2.7%	2.3%	2.7%
Rate of increase in salaries	3.8%	4.2%			3.8%	5.1%
Rate of increase in pensions	2.3%	2.7%	2.3%	2.7%	2.3%	2.7%
Rate for discounting scheme liabilities	2.6%	2.8%	2.6%	2.8%	2.6%	2.7%
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 2017/18	LG Pension Scheme	Fire Schemes	* Present Value of Total Obligation
	PV* £000	PV* £000	
Adjustment to the Discount Rate			
+0.1%	87,631	682,493	
0.0%	89,527	695,575	
-0.1%	91,466	708,938	
Adjustment to Long Term Salary Increase			
+0.1%	89,761	696,607	
0.0%	89,527	695,575	
-0.1%	89,294	694,549	
Adjustment to Pension Increases and Deferred Revaluation			
+0.1%	91,234	707,932	
0.0%	89,527	695,575	
-0.1%	87,857	683,469	
Adjustment to Mortality Age Rating Assumption			
+ 1 year	92,758	723,216	
None	89,527	695,575	
- 1 year	86,411	669,021	

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 30 CONTINGENT LIABILITIES

There are no contingent liabilities identified.

### 31 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 2018 £000	Historical Experience of Default £000	Historical Experience adjusted for market conditions as at 31 March 2018 £000	Estimated maximum exposure to default and uncollectability £000
Deposits with bank & financial institutions	37,453	-	-	-
Central government & other local authorities	6,169	-	-	-
Trade & other debtors	1,920	-	-	-
<b>Total</b>	<b>45,543</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 2018, the value of debt which exceeded this period was £439K, broken down as follows:

	2017/18 £000	2016/17 £000
Two to Three Months	15	421
Over Three Months	424	2
<b>Total</b>	<b>439</b>	<b>423</b>

An allowance for bad debts of £55k 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:-

	<b>2017/18</b>	2016/17
	<b>£000</b>	£000
Less than one year – including trade and other creditors	<b>7,502</b>	5,414
Between one and two years – PWLB loan repayments	<b>93</b>	93
Between two and five years – PWLB loan repayments	<b>11,798</b>	780
More than five years – PWLB loan repayments	<b>13,215</b>	24,757
<b>Total</b>	<b>32,608</b>	31,044

### 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 (Home Office), 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>2017/18 £000</b>	<b>2016/17 £000</b>
<b>Contributions receivable from:</b>		
Fire authority:-		
a) contributions in relation to pensionable pay	(4,668)	(4,692)
b) early ill health retirements	(363)	(512)
c) Firefighters contributions	(3,860)	(3,898)
	<b>(8,891)</b>	<b>(9,102)</b>
<b>Transfers In</b>	<b>(21)</b>	<b>(4)</b>
<b>Benefits payable</b>		
e) pensions	16,349	15,742
f) commutations and lump sum benefits	3,143	4,318
g) lump sum death benefits	3	34
h) Contribution Refunds	-	246
<b>Payments to and on account of leavers</b>		
i) transfers out	8	-
j) refunds of contributions	-	-
Net amount payable for the year	10,591	11,234
Top up grant payable by the government	(10,591)	(11,234)
	<b>-</b>	<b>-</b>
<b>Net Assets Statement</b>	<b>2017/18 £000</b>	<b>2016/17 £000</b>
Current assets		
Devon & Somerset Fire Authority - debtor	(3,151)	(3,225)
Current liabilities		
Top up grant payable from HomeOffice - creditor	3,151	3,225
<b>Total</b>	<b>-</b>	<b>-</b>

Note 1 - 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 2 - It should be noted that the amounts included within the firefighters pension fund are only for the period of 2017/18 and do not take into account liabilities to pay pensions or benefits after that period.

Note 3 - £7.440m had been received from Home Office by 31st March 2018, being 70% of notified top up grant available. As there was a funding shortfall £3.151m 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 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

### **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 24th May 2018 and the audited accounts were authorised for issue on the 27 July 2018.**

**Amy Webb  
Treasurer to the Authority**

**27 July 2018**

**George Wheeler  
Chair Audit Performance Review Committee**

**27 July 2018**

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Grant Thornton UK LLP  
2 Glass Wharf  
Bristol  
BS2 0EL

27 July 2018

Dear Sirs

### **Devon and Somerset Fire and Rescue Authority Financial Statements for the year ended 31 March 2018**

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 2018 for the purpose of expressing an opinion as to whether the Authority's financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 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 Authority's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 ("the Code"); in particular the financial statements are fairly presented 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 any 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 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.
- vii 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.

- viii Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Authority's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii 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**

- xiv We have provided you with:
  - a. access to all information of which we are aware that is relevant to the preparation of the Authority's financial statements such as records, documentation and other matters;
  - b. additional information that you have requested from us for the purpose of your audit; and
  - c. unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
- xv We have communicated to you all deficiencies in internal control of which management is aware.
- xvi All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xvii 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.
- xviii We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
  - 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.
- xix We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xx 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.



xxi We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

xxii We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

**Annual Governance Statement**

xxvi We are satisfied that the Annual Governance Statement (AGS) 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 AGS.

**Narrative Report**

xxvii The disclosures within the Narrative Report fairly reflect our understanding of the Authority's financial and operating performance over the period covered by the Authority 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 27 July 2018.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

**Signed on behalf of the Authority**

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# Agenda Item 5

<b>REPORT REFERENCE NO.</b>	<b>APRC/18/13</b>
<b>MEETING</b>	<b>AUDIT &amp; PERFORMANCE REVIEW COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>27 JULY 2018</b>
<b>SUBJECT OF REPORT</b>	<b>2017-18 ANNUAL STATEMENT OF ASSURANCE</b>
<b>LEAD OFFICER</b>	<b>Director of Service Improvement</b>
<b>RECOMMENDATIONS</b>	<i>That that the final Annual Statement of Assurance appended to this report - required to accompany the 2017-18 final accounts – be approved and published on the Authority’s website.</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>A draft Statement of Assurance for 2017-18 has been submitted, along with the draft 2017-18 Statement of Accounts, to the Authority’s external auditors.</p> <p>While the external auditors have not identified any significant, material issues requiring amendment, they have nonetheless commented that the Statement should have a conclusion. Consequently, the proposed final version of the 2017-18 Annual Statement of Assurance appended to this report now contains, at Section 7, a conclusion.</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. 2017-18 Final Annual Statement of Assurance
<b>LIST OF BACKGROUND PAPERS</b>	Nil.

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**DEVON &  
SOMERSET**  
FIRE & RESCUE SERVICE

# Devon and Somerset Fire & Rescue Authority

2017-18 Annual Statement of  
Assurance

Corporate Governance Group

Devon and Somerset  
Fire & Rescue Authority

22/05/2018

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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.

This statement refers to the governance arrangements that have been in place for the Authority up to the year ended 31 March 2018 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 current draft 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 Services 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 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 submitted as a draft version 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 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 2017-18 review has identified 25 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 2017-18 financial year, the Authority comprised 24 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. During the 2017-18 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 (6 Members);
  - Appointments panel (5 Members);
  - General Purposes Committee (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. 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 2017-18 Internal Audit Plan was approved by the Audit & Performance Review Committee on the 24 April 2017. The plan sets out the combined scope of internal audit work to be completed by the Audit & Review manager, the Information Assurance team, and Devon Audit Partnership. A total of 345 internal audit days were utilised to provide assurance to the Authority relating to the management of risks and associated operational activities. The Audit & Review manager, the Information Assurance 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. This happened 28<sup>th</sup> June 2017, 12<sup>th</sup> September 2017, and 17<sup>th</sup> January 2018. 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. Service risk registers are populated and reviewed periodically. This process in turn informs the Corporate Risk Register. The Health and Safety system also contains current and historic insurance claims data and associated costs.
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 2017-18 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 2017-18.
13. The Authority participates in the biennial National Fraud Initiative scheme. We completed the return for the 2016/17 initiative and continue working through the reply.
14. The Service has a Strategic 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. The 3 year Health & Safety Audit Plan which audits all Devon & Somerset premises against Health & Safety service policies was completed in December 2017. The result of this audit cycle will be analysed and help to build the next 3 year audit question set starting in 2018.
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 Fire Chiefs Council (NFCC) H&S meetings & chairs the regional NFCC 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. Information Governance and organisational preparedness for changes in data protection legislation have been the focus of the Information Assurance Team. Team members have been trained and have achieved a practitioners certificate in the General Data Protection Regulation which has enabled a comprehensive and robust plan for implementing the required changes to systems and procedures in managing personal data and ensuring the Service's compliance with the new regulation. A GDPR consultant has been appointed to support the team and provide additional support including the completion of a strategic information audit resulting in compliance based and best practice recommendations that are now in the process of being implemented, with the compliance plan formally recognised as a project within the strategic programme board. In light of the new regulation's requirements for a Data Protection Officer (DPO), responsibility for managing data protection has been transferred from within the Corporate Communications Team to the Information Assurance Team as DPO responsibilities overlap with the Information Assurance Manager role. A permanent Data Protection Support Officer Role has also been appointed within the team to support the additional work which was previously managed within Corporate Communications and from what is anticipated from the new regulation.

Information Assurance relies on other security controls including personnel, premises and technical security. Improvements to information governance have been made by embedding a holistic culture for managing security. The Protective Security Group has been established; chaired by the Area Manager for Organisational Assurance and incorporates all security leads across the organisation. The group meets monthly to drive forward strategic change, measure progress against ISO27001, the HMG Security Policy Framework, the CESG Information Assurance Maturity Model and manage areas of risk and mitigation.

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 included consultation on a draft Social Value policy to meet 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; to 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), who 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.

Within 2017/18 the Procurement team have awarded the National Fire Chiefs Council (NFCC)'s Emergency Response Vehicles framework, and the NFCC's Respiratory Protective Equipment framework on behalf of the fire sector.

Employee Payroll, Firefighter pensions, and Pensioners payroll have also been awarded, on a collaborative basis with Dorset & Wiltshire Fire & Rescue Service.

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 is being developed. This will set out the changes needed to support the new Integrated Risk Management Plan, Fire and Rescue Plan and HMICFRS inspection. It 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. It will also state how the service will meet the needs of different communities and vulnerable people in order to reduce risk. 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. The process will be reviewed in 2018/19 to broaden the scope to include wider impacts on people. Mandatory equalities training is in place including a new understanding unconscious bias e-learning package.
25. The Core Values and behavioural framework was developed by employees in 2013/14 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. In 2017 employees were involved in a revision and simplification of the core values framework. The new Core Values are:
  - We are proud to help
  - We are honest
  - We are respectful
  - We are working together

The 2017/18 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 2017-18 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 audits, and detailed review of potential risk areas identified.

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 2017-18.

The 2017-18 year end Internal Audit report concluded that the systems in operation within the Service demonstrated a good level of internal control. The Service was rated as attaining a High Standard for its Payroll activities in 2017-18.

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.

## **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. Organisational 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 Service has three key documents that combined sets out our strategic direction for the next 4 years; the integrated Risk Management Plan (IRMP), The Fire and Rescue Plan, and the Change and Improvement Programme.

The Integrated Risk Management Plan is the means by which the Service assesses and analyses the risks faced by the communities served. The Plan gives a clear mandate to address those risks through the Prevention, Protection and Response activities of the Service.

The Fire and Rescue Plan contains the Service's Vision, Purpose / Mission and Values. It describes the challenges we face as an organisation, for example, the financial challenge and how we propose to address those challenges setting out our strategic intent for the key areas of the organisation.

A change and improvement programme is derived from the IRMP and the Fire & Rescue Plan. The programme contains the prioritised work streams for the next 3-4 years that as a Service we must deliver on if we are to deliver real improvements in the Service we provide to our communities whilst making the financial savings required.

Having the three distinct documents will facilitate greater transparency and clarity, to better achieve Services priorities and the implementation of change and improvement. They are underpinned by Annual Directorate Statements which clearly reflect the priorities set by the Fire Authority and a series of Group and Service plans which set out our work for the financial year.

The Services planning framework requires all the plans to be reviewed, updated and re-written where required annually. The achievement of the objectives in the Fire and Rescue Plan and the Change and Improvement Programme will be monitored by the Executive Board. The Directorate, Group and Service plans will be monitored at least quarterly by the respective management teams.



## Training and Development - Academy

The DSFRS, through its Academy, has enabled the delivery of quality assured training to its staff to improve safety and overall effectiveness, which is underwritten by the ISO 9001 (2015) Quality Management Framework.

**The purpose** of the Academy is to develop and deliver quality assured training to ensure the Service has a safe and competent workforce capable of helping to make Devon and Somerset a safer place to live, work and visit.

**The vision** for the Academy is to deliver quality assured, flexible, location based training tailored to the needs of our staff and the risks they face to help to keep them and our communities safe. This directly supports the Authority's three stated priorities of: Public Safety; Staff Safety and; Efficiency and Effectiveness.



Activities are focused through a blended learning approach which is developed through working with key stakeholders, embracing new technology to enhance the learning experience and produce professional, user friendly training material to enable staff to concentrate on development, team work and safe systems of work.

The Academy provides training for other fire and rescue services and industry on behalf of the Authority's trading company, Red One Limited. However, the Academy's key priority is, and always will be, the safety of the Service's firefighters.

## Training for Competence

A dedicated project has been established to review organisational learning and improve the way in which training is delivered and managed within the Service. This project is formally known as "Training for Competence" with the aim to change the way in which training is delivered, from;

- A centralised, fixed, course based method of requalification based on an annual frequency.

To a more:

- Flexible, locally delivered, continuous programme of quality training that is centred on the customer and more driven by the risks faced based on role and risk location.

The aim is to deliver a workforce who are competent to face a variety of incident types by drawing on the right skills, at the right time, to the right standard.

The Academy will deliver assurance to the DSFRS by bringing the Academy to the end user on a more frequent basis. This approach ensures trainers consistently deliver training and assessment to the same standard thus providing operational staff increased access to the expertise of Academy trainers and quality training material.

### **Collaboration and sharing best practice**

All of our training materials are aligned to the national guidance produced by the 'National Operational Guidance Programme'. The Academy also collaborate on a national level as part of 'FRS learn'. This is a National Fire Chiefs Council initiative whereby training content is shared with other services to create a central repository for training material and assets.



To continue supporting a collaborative approach, the Academy supports the National joint development of E-learning training packages using the DSFRS Academy international award winning Blended Learning team.

In 2016, the Blended Learning team won the highest accolade Gold Award for 'Best Blended Learning Project' from the International Learning Technologies body. In 2017 the team were awarded Silver for the International Learning Technology 'Team of the Year'.

The Academy is regularly subjected to an external ISO 9001 quality audit to maintain certification and demonstrate excellent governance against the latest 2015 standards. In addition, many of the courses that we offer are accredited to national standards, e.g. Skills for Justice, BTEC, City & Guilds.

### **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 and the principles that should be applied to help ensure that firefighters maintain the standards of personal fitness required to safely perform their duties and that they are supported in remaining fit and in continued employment.

The National Fire Chiefs Council (NFCC) have a Firefit Steering Committee who provide guidance and recommendations to the UK Fire & Rescue Service on Fitness Standards, Protocols and Policy.

The Service has a Physical Fitness Policy and three dedicated Fitness Advisors in post to support Firefighters to attain and maintain the fitness standards that are required. The Service has also introduced Fitness Advocates who are existing operational staff that provide an additional fitness role to the Service and are qualified to a minimum of a Level 2 Gym Instructor.

The Service previously undertook the fitness testing of our operational staff using gas analysers as part of a Treadmill Test. The gas analyser is the most accurate surrogate test to measure firefighter fitness levels. The fitness assessments were conducted on a three yearly basis in conjunction with a three yearly Occupational Health medical examination.

The National Fire Chiefs Council (NFCC) and Firefit have in recent years commissioned a 2 year research programme investigating the physical demands of firefighting and lifestyles of fire service employees. The research was led by the University of Bath to develop and publish fitness standards for all UK Fire and Rescue Services and a new vocational fitness test. The research was guided by a stakeholder panel with representatives from the NFCC, the Fire Brigade's Union, the Retained Fire Brigade's Union, as well as the FRS health and fitness community. The new vocational fitness testing tools were released in 2014 but further research has been undertaken since this date to provide recommended timings. Details of the vocational fitness tests can be found at the following link:

<http://www.cfoa.org.uk/11714>

The Service had trialled the vocational fitness test whilst the timings were under development and contributed to the testing times as part of the research by the University of Bath. In late 2016, Firefit announced the recommended times for the Vocational Fitness Test and the Service has subsequently developed a Firefighter Fitness Project to trial the vocational fitness test and improve the fitness culture within the Service.

During 2017/18 the Service has undertaken an extended 12 month trial of the vocational fitness test across all operational staff from Firefighter through to Watch Manager level. During the trial, data is being collated and analysed to monitor any impacts related to gender or age. The Service is also undertaking a Female Study Group, so that we can further establish whether there is a potential impact on workforce diversity as a result of this method of testing. During the 12 month trial period, the Service has used the Fitness Advocates to assist with the testing of staff.

The project will be completed following the end of 2017/18 and recommendations will be made to the Service on the method of future fitness testing within Devon & Somerset Fire & Rescue Service and how we will continue to meet the Addendum to the National Framework for England in relation to firefighter fitness.

### **Operational Debriefs**

An operational debrief strategy and policy is in place, and currently subject to review to ensure consistency with new national guidance. 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.

Following every incident a "hot debrief" should take place to review what happened and why, and to discuss areas that went particularly well and areas that didn't. A new process has been developed and is being introduced to allow Operational crews to submit learning points from these debriefs.

### **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. A process has been implemented to enable efficient management of learning and outcomes.

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 a rolling three year programme of audits of all premises and departments, provision of accident and near miss incident data to the Strategic Safety Committee every 2 months for review, annual completion of premises Health, Safety and Welfare Assessment Report Forms, and a means to fully audit the organisations Health and Safety management systems on a 2 yearly basis.

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 reduction in vehicle collisions between 2014 and 2017 of 15%.

### **Collaborative and Partnership Working**

DSFRS is committed to forming or joining partnerships that assist it achieving its organisational goals and contribute to its Mission of “Acting to Protect and Save”. The Service continues to strengthen its partnership working with other fire and rescue services, bluelight services, local authorities, community groups and other organisations by working to common objectives at the local, regional and national level. 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.

Throughout the last year, collaborative work has continued to grow through the South West Emergency Services Collaboration (SWESC). This is a formal collaborative partnership with governance structure that is chaired by the chair of our Fire Authority and involves SWAST, Devon and Cornwall Police, Avon and Somerset Police, Dorset Police, Wiltshire Police, Gloucestershire Police, Cornwall FRS, Avon FRS, Wilts and Dorset FRS, Gloucestershire FRS, HM Coastguard and the RNLI. A number of collaborative arrangements have been put in place, this includes estates sharing, joint operational officers, support for the ambulance service to gaining entry to properties where people have collapsed behind locked doors and search operations for high risk missing persons.

Following the introduction of the Policing and Crime act (2017), CFO Lee Howell took on a new challenge, leading the Office for Data Analytics (formerly known as Multi Agency Integrated Services Hub). This is a small team who have the resources, technology and expertise, to use business intelligence and predictive analytics, to improve collaboration between the emergency services in the south-west, to improve service delivery and reduce costs.

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 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

Fire and Rescue Indemnity Company, the mutual protection provider set up and run by nine Fire and Rescue Authorities, has completed its second year of operations culminating in surplus being achieved in both year one and two. This is a significant result for FRIC and shows what can be achieved when fire authorities collaborate in an innovative and mutually beneficial manner. Year one and two surplus generated would

otherwise have gone out of the public sector, instead it can be retained to support further improvements and drive better risk management and ultimately, deliver lower costs for FRIC's members.

The continued success is due primarily to lower than expected claims experience, which is set at the lower range of scenarios predicted. Another contributing factor has been a drive to improve motor claims reporting times, enabling third party capture for "at fault claims". Evidence shows that third party costs can be as much as two thirds lower if contact is made with third party claimants quickly and claims handled by the Mutual rather than third party insurers.

### **Network Fire 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 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 and there is an annual IT health check for assurance. This supports the Authority's compliance with the Airwave Code of Connection, and the upcoming Emergency Services Network (ESN) which is due to replace the Airwave service.

### **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.

Previously the Service had created a specialist team of 40 volunteers to respond to Marauding Terrorist Firearms Attacks (MTFA). The Service, following changes in the National Planning Assumptions, has supplemented this capability with a further 16 specialist responders based at Plympton funded via a Home Office Grant.

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 The Home Office.

### **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 incidents requiring their support.

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, alongside an Operational Support team which can be "stood up" to focus on continuation of the core statutory obligations of Operational response, under the Fire Services Act 2004 and the Civil Contingencies Act 2004. 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.

### **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



in safe hands

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**

Corporate performance is currently reported on a quarterly basis to the Fire and Rescue Authority through the Audit and Performance Review Committee (APRC). The report contains eight measures 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.

The Service is continually reviewing its approach to performance management; ensuring that the way in which it measures success drives a positive performance culture. Key to this is understanding the strategic intent of the organisation and identifying how we will know that we have achieved our aims. To this end a revised suite corporate performance indicators is being developed that will link directly with the Service's new Planning Framework with the intention of integrating into reporting within 2018/19.

### **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 assurance processes, a bespoke peer review was facilitated by the Local Governments Association, bringing senior members of Merseyside, Nottinghamshire and Gloucestershire Fire and Rescue services, to provide a review of our Community Safety, Business Safety, and Response activities. The results of this report are being used to drive improvement.

The Service used 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 Recognised for Excellence Award in 2017. The assessment was carried out by two experienced assessors from the British Quality Foundation.

## 5. Future Challenges

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

- Improving how we use data to target and evaluate our work in order to learn and improve
- Being more efficient and effective to secure the best value for money for the tax payer
- Making sure that our structures and governance arrangements are clear and effective
- Ensuring that we have the right governance in place and a consistent approach to working in partnership
- Further developing contracts and career paths to support inclusivity ensuring that the service has a workforce that reflects communities served

## 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. Clinical Governance: Governance arrangements need to be more clearly defined around the care issued by the DSFRS, to casualties, throughout 2018-19.
- b. Breathing Apparatus maintenance: the existing disjointed approach to breathing apparatus maintenance is being investigated.
- c. Terrorist/cyber & Data protection: The international increase in cyber attacks presents a growing risk to DSFRS, however, an IT Security Officer is in role, and work is underway to continue aligning our Information Security Practices to the international standard ISO 27001.
- d. Delayed or non-attendance of Ambulances: There have been instances of delayed ambulance attendance at scenes, which have been raised with SWAST.
- e. GDPR: The General Data Protection Regulation comes into full force from 25th May 2018. There will be an ongoing challenge to DSFRS to ensure that we maintain compliance, and the Information Assurance team have been working to inform the wider service of their responsibilities under this regulation.

- f. Policy Updates: A significant proportion of service policy documents were found to be past due for their review date. A project is underway to ensure that all policies are reviewed and updated.

## **7. Conclusion**

The Corporate Governance Group is satisfied that the issues identified in Section 6 above 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.

Additionally, 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.

**To be confirmed**

**CHIEF FIRE OFFICER**

**CHAIRMAN, AUDIT AND PERFORMANCE  
REVIEW COMMITTEE**

**APPENDIX A TO REPORT APRC/18/12 – ACTION PLAN**

<b>Identified Issue</b>	<b>Action Needed</b>	<b>Direction of Travel since 2016-17</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 & Procurement	March 2019
Performance Management	The performance management framework that is currently under development needs to be finalised and rolled out.	↑	Head of Organisational Assurance	December 2018
Policy Management	A policy management process needs to be developed and embedded.	→	Head of Organisational Assurance	December 2018
Collaboration	An appropriate level of governance needs to be applied to Collaborative working initiatives.	→	Executive Board	December 2018
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	Complete
Advocates	The Advocate initiative needs to be included in the scope of the 'root and branch' community safety review.	↑	Area Manager Community Safety	Complete
Closure of Accounts	Publication of financial statements by end of July 2017-18	↑	Head of Finance	Complete

Identified Issue	Action Needed	Direction of Travel since 2016-17	Lead Officer	Target Date
Shortened Timescale for Production of the Annual Statement of Accounts	The timetable for production and publication of financial statements will need to be revised to accord with the requirements of the Account and Audit Regulations 2015	↑	Head of Finance	Complete
General Data Protection Regulations		↑	Head of Organisational Assurance	Complete

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# Agenda Item 6

<b>REPORT REFERENCE NO.</b>	<b>APRC/18/14</b>
<b>MEETING</b>	<b>AUDIT &amp; PERFORMANCE REVIEW COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>June 2018</b>
<b>SUBJECT OF REPORT</b>	<b>AUDIT &amp; REVIEW 2018-19 PROGRESS REPORT</b>
<b>LEAD OFFICER</b>	<b>DIRECTOR OF SERVICE IMPROVEMENT</b>
<b>RECOMMENDATIONS</b>	<i>That the report be noted.</i>
<b>EXECUTIVE SUMMARY</b>	<p>Attached for consideration and discussion is the 2018 – 19 Quarter one Audit &amp; Review report. This report sets out progress to date against the approved 2018-19 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. Additionally this includes an overview of key assurance providing activities completed by other teams who contribute to the audit plan, such as Information Assurance, Operational Assurance, and Organisational Safety Assurance.</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 2018-19 Plan</p> <p>Audit &amp; Review Service Policy</p>

## **1. INTRODUCTION**

- 1.1 The 2018/19 Internal Audit Plan was approved by this Committee at its meeting held on the 26 April 2018. The Plan sets out the combined scope of internal audit work to be completed by Audit & Review and the Devon Audit Partnership, and other assurance providing functions.
- 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 2018-19 PLAN**

3.1 The 2018-19 Internal Audit Plan has been assigned to the Audit & Review Manager, the Information Assurance Manager, the IT Security Officer, the Operational Assurance Manager, the Organisational Safety Manager, and the Risk & Insurance Manager.

Assurance Area	Progress	Assurance statement / Update
<b>Operational Assurance</b>		
Operational assurance (OpA) process captures information from operational activities, enables the identification of trends through a graphical dashboard and manage the resultant actions with the organisation. Actions are assigned a rating of safety critical, area of concern or notable practice. Actions are assigned to local risk managers and monitored to ensure improvements implemented.		
Operational Assurance	Ongoing	<p>Between April and July, 325 Incidents were monitored. 90 of these incidents identified learning points:</p> <ul style="list-style-type: none"> <li>• 18 safety critical</li> <li>• 107 area of concern</li> <li>• 2 notable practice</li> </ul> <p>Learning points have been referred to the relevant teams to action.</p> <p>Trend analysis carried out by the Op A department and incorporated into quarterly bulletin for organisational learning.</p> <p>Quarter 1 -120 response support visits completed by flexi officers on targeted themes, with 49 outstanding responses. These visits are to enhance learning identified through trend analysis, national learning and learning from other FRS.</p>

<b>Organisational Safety Assurance</b>		
Organisational Safety Assurance	Ongoing	Key activities this quarter include testing of the new safety event reporting system to replace existing, NFCC self-assessment (see entry in " <i>Risk based audits</i> "), and revision of Health and Safety Service policy documents, as part of an ongoing review, to continue throughout 2018-19.
<b>Information Assurance</b>		
Data Protection / GDPR	Ongoing	The preparation for the launch of GDPR, and educating people within the service about their responsibilities, was a priority for April and May. Between April and July, there were 49 reported information security events. Of these, 1 event was confirmed to be a data breach, and was reported to the ICO accordingly.
<b>Risk based audits</b>		
NFCC H&S Assessment	In Progress	The first stage of self-assessment is complete, with a review of our process completed by Devon Audit Partnership (DAP). This will be used to inform stage two of the self-assessment (our Safety Management System) which is scheduled for completion by end of Q3 2018-19, with DAP providing an objective review (stage three) of our assessment in Q4, to enable an overall outcome to be determined.
Community Safety: Education activity audit	Draft report	<b>★★ Improvements Required.</b> Initial feedback provided to the Community Safety manager, and an action plan is being created to address the improvements identified.

National Fraud Initiative	Ongoing	New data is scheduled to be submitted in Q3 2018-19, to enable a new data-matching exercise to begin. No significant findings have been identified at DSFRS to date. This process is run every two years.
Service Policies	Ongoing	An ongoing review is underway to reduce the volume of service policy documents which are past their required review date. Currently 76% of policies have become past due for review.
Time off in lieu (TOIL) / Timesheet management review	Ongoing	An ongoing review is underway to understand the volumes of TOIL which are held across the service, and to ensure timesheet management is aligned to policy.
Training for Competence: Evaluation review	In progress	An objective review of the evaluation process which was used for the Training for Competence project pilot is underway, with draft report to be delivered during Q2. This will be helpful in shaping how project evaluations are completed in the future.
<b>IT Security</b>		
IT Health Check - Corporate	Ongoing	IT Department remediation progress for the 2017 plan has now ceased pending the 2018 testing, progress has been good within resource limitations especially with patching. A procurement exercise has been completed, with a Health Check provider confirmed and a contract awarded. Dates for this year's test are being confirmed.
IT Health Check - NFSP	Ongoing	Capita progress with remediation of the 2017 risks has been slow and incomplete but they have addressed the high risks. The 2018 health Check has been provisionally booked for the end of August, and Capita have requested greater involvement in the planning.

Code of Connection (Airwave/ESN)	Ongoing	The introduction of replacement Mobile Data Terminal hardware counts as a significant change under the Airwave Code of Connection. This requires a new submission accompanied by a specific Health Check. The Health Check is being arranged and dates will be confirmed for July/August 2018.
ISO 27001 Alignment	Ongoing	Good progress has been made in Q1 with gathering evidence of ISO27001 alignment. A review is underway with the aim of substantially reducing policies in favour of procedures, with expected completion by October 2018.

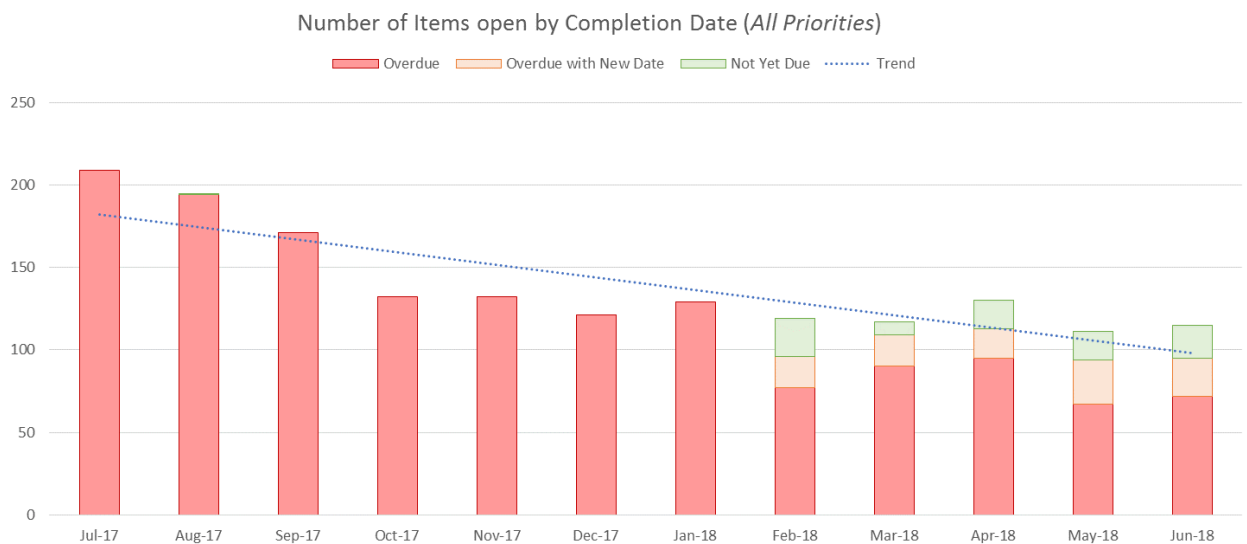
### **Action Planning**

- 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), and where relevant, will be reflected in either department plans (if incremental improvement) or the Change & Improvement Plan (if strategic).

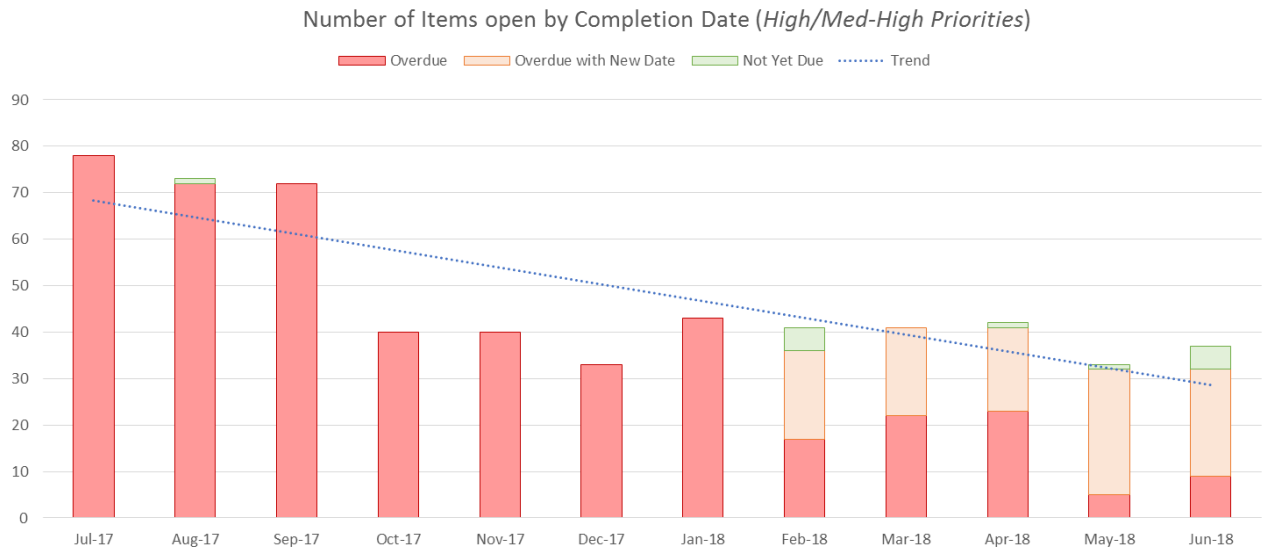
### **4. WHAT HAPPENS WITH AUDIT & REVIEW RECOMMENDATIONS**

- 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 reviews (including External audit)
  - Annual Statement of Assurance
  - Internal Audit (Audit & Review and Devon Audit Partnership)
  - Operational Assurance
  - EFQM
  - Peer Review
  - ICT Health Checks
  - Safety Events
  - Security Events

- 4.2 The Assurance Tracker is available to all employees through the Service Information Point (SIP) and will be made available to the public in the future to fall in line with the new draft Fire & Rescue National Framework document.
- 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, ICT health checks, safety and security events, has seen an overall increase in the total number of open actions. However, even with the additional assurance actions, over the last 12 months, a 56% decrease has been seen in open 'High' or 'High / Medium' recommendations to 37 (78 reported in July 2017), with the majority located at the tactical rather than strategic level. Updates are being focussed on the higher priority items, however the overall trend in all priority of open items, continues to decrease. As at June 2018, refer to illustrated Graph 1 and Graph 2 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.



*Graph 1: Open recommendations (all priorities)*



*Graph 2: Open recommendations (High/Med High priority)*

**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.

**PETE BOND**  
**Director of Service Improvement**

# Agenda Item 7

<b>REPORT REFERENCE NO.</b>	<b>APRC/18/15</b>
<b>MEETING</b>	<b>AUDIT AND PERFORMANCE REVIEW COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>27 JULY 2018</b>
<b>SUBJECT OF REPORT</b>	<b>DEVON AND SOMERSET FIRE AND RESCUE SERVICE PERFORMANCE REPORT: April 2017 TO March 2018</b>
<b>LEAD OFFICER</b>	<b>Chief Fire Officer</b>
<b>RECOMMENDATIONS</b>	<i>That the report be noted.</i>
<b>EXECUTIVE SUMMARY</b>	<p>Attached for consideration and discussion is the Devon &amp; Somerset Fire &amp; Rescue Authority Performance Report for the reporting period of April 2017 – March 2018 (focus Quarter 4, 2017/18).</p> <p>The report features the measure details together with information on the measure status – in this report a measure status can be classed as ‘good performance’, ‘monitor performance’ or ‘negative exception’.</p> <p>The measure statuses are established through assessing performance vs previous year, performance vs previous quarter and medium to long-term trends. This method gives a rounded picture of performance and directs focus effectively on emerging issues.</p> <p>Where a measure is reported as an exception, an exception report will be included, providing additional information and analysis relating to the measure and identifying whether further action should be considered at this point.</p> <p>Commentary is provided direct from those leading on improving performance for areas outlined in the measure detail. The commentary contextualises the performance data within the report and highlights the activities that are being carried out to improve performance.</p>
<b>RESOURCE IMPLICATIONS</b>	None
<b>EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)</b>	None
<b>APPENDICES</b>	A. Devon & Somerset Fire & Rescue Authority - Quarter 4 Performance Report
<b>LIST OF BACKGROUND PAPERS</b>	Devon and Somerset Fire and Rescue Authority Corporate Plan 2013/14 – 2014/15

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DEVON &  
SOMERSET  
FIRE & RESCUE SERVICE

# Quarter 4 2017/18 Performance Report

Audit and Performance Review Committee

Reporting period April 2017 to March 2018

Strategic Analysis Team

Devon & Somerset  
Fire & Rescue Service

10/07/2018



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5	<b>Executive Summary</b>
6	<b>Measure Status</b>
7 to 15	<b>Measures 1-3:</b> Performance against measures relating to fires in the home, exception reports and commentary on associated activities.
16 to 23	<b>Measures 4-6 Details:</b> Performance against measures relating to fires where people work, visit and in vehicles, exception reports and commentary on associated activities.
24 to 25	<b>Measures 7-8 Details:</b> Performance against measures relating to emergency response standards (ERS) to fires in the home and road traffic collisions (RTCs), exception reports and commentary on associated activities.
26	<b>Sickness Absence Performance</b>

## Introduction

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

There are 85 fire stations in the service area, the second largest number in England, and over 1,900 dedicated staff who work to protect the 1.7 million people who live in the area. This alongside the estimated 400,000 people who visit the counties throughout the year.

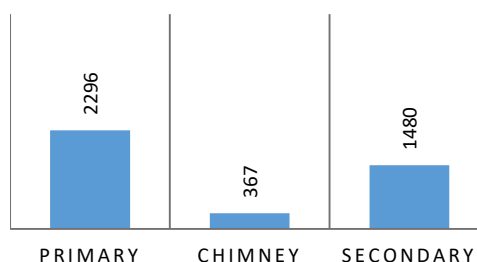
The fire and rescue service does not just rescue people from burning buildings and put out fires. In the 12 month period from April 2017 to March 2018 there were 19,799 incidents attended within the Devon and Somerset service area, a breakdown of the incidents can be seen below:

### FIRES, 4143

**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.

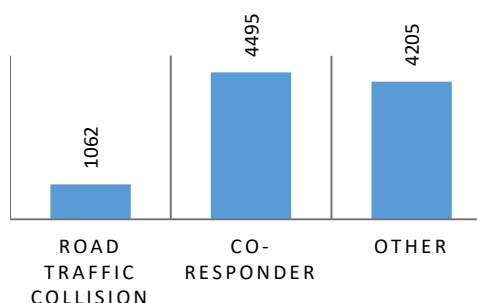


### SPECIAL SERVICE, 9762

**Road Traffic Collisions (RTCs)** attended by DSFRS - not fires.

**Medical emergencies** include Co-responder incidents for which DSFRS provide first response on behalf of the South West Ambulance Service Trust (SWAST).

**Other incidents** include flooding, rescue from height, animal rescue

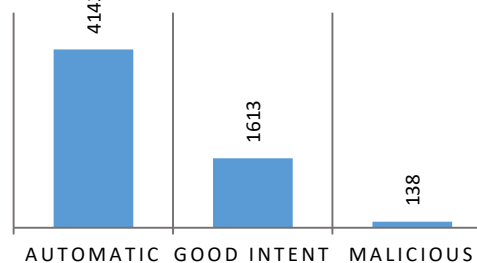


### FALSE ALARMS, 5894

**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.



As well as providing a response to emergencies the Service is committed to providing community safety advice, education and intervention to keep its community and its visitors safe and prevent incidents from happening. This can be by ensuring that the responsible person in a business premises is adhering to fire safety legislation, or through community safety activities such as home safety visits, RTC education and youth intervention programmes.

## Executive Summary

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The Quarter 4 2017/18 Performance Report (Apr-17 to Mar-18) sees four of the eight corporate measures showing positive performance, three showing negative performance and one requiring monitoring.

### Positive performance

There have been no **fire-related deaths where people work and visit or in vehicles** this quarter with the end of year figure remaining at one death, two less than previous year.

**Fires where people work, visit and in vehicles** are showing improvement compared to previous year for both the reporting quarter and year-to-date. Deliberate fires are showing an upward three year trend however this is largely due to a below average number of fires in the 12 month period from April 2015 to March 2016.

**Emergency response standards** are showing improvement compared to previous year for both the reporting quarter and year-to-date performance. Long-term trends are also positive. Ensuring that our operational resources are available to respond when needed is a priority for the Service and has been a key area of focus over the last 12 months. The implementation of the Operational Resource Centre has provided consistent allocation of resources enabling us to make sure that we are managing risk effectively. Improving performance against ERS may suggest that the processes in place to match our resources to risk are having a positive effect.

### Monitoring Performance

**Fire-related injuries where people live** have seen a reduction compared to previous quarter however the annual figure has increased by 24% to 76 from 61 in 2016/17. Both medium and long-term trends are positive and performance remains within normal levels.

### Negative Performance

There has been one **fire-related death where people live** this quarter, taking the total number to five, the same as previous year. The three and five-year trends are all down. When a fire unfortunately results in the death of an individual the corporate measure immediately moves into negative exception.

**Fire-related injuries where people work** have increased compared to previous year for both the reporting quarter and year-to-date. It is notable that the relatively low numbers of injuries mean that small changes in the numbers recorded can show dramatic percentage variance. Analysis shows that while there has been an increase in the number of injuries recorded the numbers are within normal levels for the data. Further analysis can be found within the body of the report.

**Fires where people live** have increased compared to previous year for both the reporting quarter and year-to-date. The increases are not dramatic but combined with a negative rolling three year trend this has been assessed to be an exception. Further analysis can be found within the body of the report looking at potential causes of the increase.

## Measure Status

The performance status of reportable measures is established through analysis of performance vs previous year and medium / long term trends. Where a measure is reported as an exception an exception report will be included in the document. This report will provide additional information and analysis relating to the measure and will identify whether further action should be considered at this point.

Statuses:     ✓ = Good Performance     ! = Monitor Performance     ✘ = Negative Exception

KPI No.	Description	Status	Page
1	Fire-related deaths where people live	✘	7
2	Fire-related injuries where people live	!	7
3	Fires where people live	✘	7
4	Fire-related deaths where people work, visit and in vehicles	✓	16
5	Fire-related injuries where people work, visit and in vehicles	✘	16
6	Fires where people work, visit and in vehicles	✓	16
7	Emergency Response Standard - first appliance to fires where people live in 10 minutes	✓	24
8	Emergency Response Standard - first appliance to Road Traffic Collisions in 15 minutes	✓	24

## Measures 1-3 Details

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

Status ✘

	Q4 17/18	Q4 16/17	Var.		YTD 17/18	YTD 16/17	Var.		Rolling 3 Year Trend	Rolling 5 Year Trend
Total	1	0	NA	<span style="color: red;">✘</span>	5	5	0.0%	<span style="color: orange;">⚠</span>	↓	↓
Accidental	1	0	NA	<span style="color: red;">✘</span>	5	4	25.0%	<span style="color: red;">✘</span>	↓	↓
Deliberate	0	0	0.0%	<span style="color: green;">✔</span>	0	1	-100.0%	<span style="color: green;">✔</span>	↓	↓

This measure is in exception due to a fire-related death in quarter 4 2017/18. Where a fire-related death unfortunately occurs the measure automatically becomes an exception.

It is important to note that fortunately the number of deaths from fire is very low and small changes in the number can lead to extreme changes in percentages.

An exception report can be found on pages 8 and 9.

### Measure 2: Injuries at fires where people live

Status !

	Q4 17/18	Q4 16/17	Var.		YTD 17/18	YTD 16/17	Var.		Rolling 3 Year Trend	Rolling 5 Year Trend
Total	18	23	-21.7%	<span style="color: green;">✔</span>	76	61	24.6%	<span style="color: red;">✘</span>	↓	↓
Accidental	17	20	-15.0%	<span style="color: green;">✔</span>	68	50	36.0%	<span style="color: red;">✘</span>	↓	↓
Deliberate	1	3	-66.7%	<span style="color: green;">✔</span>	8	11	-27.3%	<span style="color: green;">✔</span>	↑	↓

This measure has been assessed to be within monitor status. Performance in quarter 4 2017/18 is positive as are the rolling three and five-year trends, however, the year to date picture shows an overall increase compared to previous year.

It is important to note that fortunately the number of injuries from fire is very low and small changes in the number can lead to extreme changes in percentages.

### Measure 3: Fires where people live

Status ✘

	Q4 17/18	Q4 16/17	Var.		YTD 17/18	YTD 16/17	Var.		Rolling 3 Year Trend	Rolling 5 Year Trend
Total	282	252	11.9%	<span style="color: red;">✘</span>	1059	1006	5.3%	<span style="color: orange;">⚠</span>	↑	↑
Accidental	264	231	14.3%	<span style="color: red;">✘</span>	979	925	5.8%	<span style="color: orange;">⚠</span>	↑	↔
Deliberate	18	21	-14.3%	<span style="color: green;">✔</span>	80	81	-1.2%	<span style="color: green;">✔</span>	↑	↑

This measure is in exception due to the quarter on quarter increase, year to date increase and the upward trend in the rolling three year data. The overall picture suggests that this is an area requiring investigation.

An exception report can be found on pages 10 and 11.

## Measures 1-3 Details

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

Status ✘

	Q4 17/18	Q4 16/17	Var.		YTD 17/18	YTD 16/17	Var.		Rolling 3 Year Trend	Rolling 5 Year Trend
Total	1	0	NA	<span style="color: red;">✘</span>	5	5	0.0%	<span style="color: orange;">⚠</span>	↓	↓
Accidental	1	0	NA	<span style="color: red;">✘</span>	5	4	25.0%	<span style="color: red;">✘</span>	↓	↓
Deliberate	0	0	0.0%	<span style="color: green;">✔</span>	0	1	-100.0%	<span style="color: green;">✔</span>	↓	↓

#### Why is this an exception?

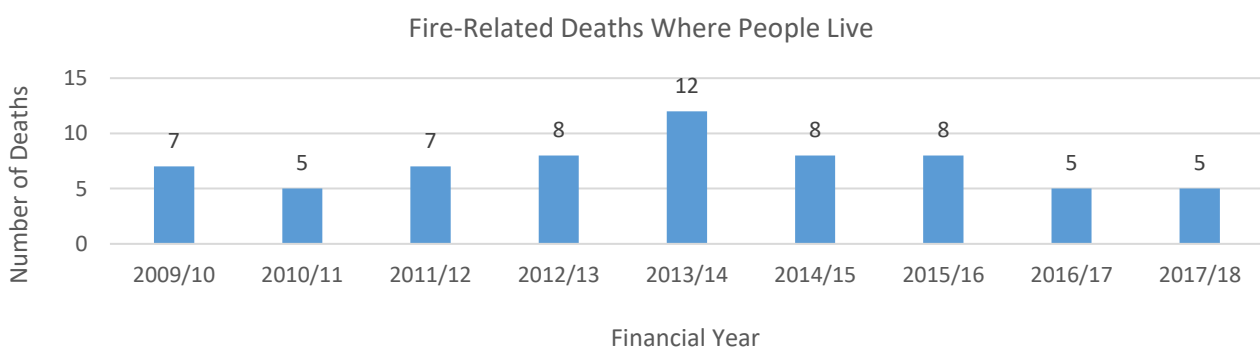
This measure is in exception due to a fire-related death in the reporting quarter.

Annual performance against previous year has remained constant with five fire-related deaths in 2016/17 and 2017/18. Rolling three and five-year trends are all positive.

#### Analysis

The victim was a 71-year-old man, living alone in a single occupancy household. The accidental fire started in the living room where a candle ignited waste / recycling materials. The Service attended the incident as a late fire call, meaning the fire was already out when the call was received. There was a smoke alarm present on the same floor as the fire, the alarm operated but did not raise the alarm. This is likely due to the victim being asleep at the time of the incident. The fire did not spread beyond the room of origin. There is no record of the Service conducting any engagement at the premises prior to the incident.

The Service is committed to understanding what contributes to an individual or household being at higher risk of sustaining a fatal fire in the home. The Service has led on the South West Fatal Fire review which identifies common behavioural and physical attributes present in fire deaths where people live. The work identified seven key factors: living alone, smoking, limited mobility, alcohol, prescription and/or illegal drug use, poor housekeeping and mental health problems. This insight enables further refinement of prevention targeting to focus on those households at the most significant risk of having a fatal fire, optimising efficiency of delivery.



2016/17 and 2017/18 have seen the lowest number of fire deaths since 2010/11. Of the victims 72% were resident in lone person households. At the time of the last census in 2011 30% (219,991) of households in the DSFRS service area had only one resident, with 48% of these occupied by persons aged 65 or over, 7% higher than the national average.

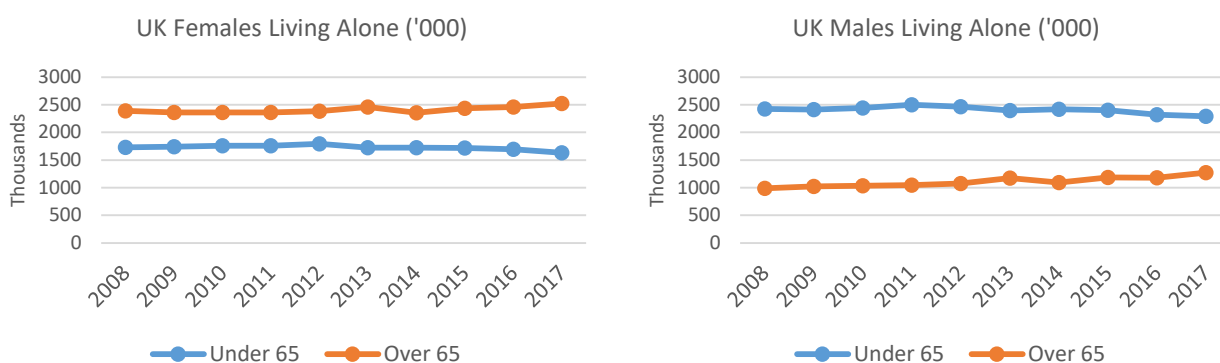


## Measures 1-3 Details

Age is a common factor in accidental fire-related deaths both at DSFRS and regionally, in the last five years over 43% of DSFRS victims were aged 75 and over.

Age / Year	2013/14	2014/15	2015/16	2016/17	2017/18	Total	Percentage
0-16	1	0	0	0	0	1	3.13%
16-24	2	0	0	0	0	2	6.25%
25-44	2	2	2	0	1	7	21.88%
45-64	0	2	1	1	0	4	12.50%
65-74	1	1	1	0	1	4	12.50%
75 and over	5	2	2	2	3	14	43.75%

It is interesting to note that of the 14 victims aged under 75 years 11 were male, and six of these were residing in one person households. This reflects the profile of persons living alone, with a higher proportion of males under 65 years of age living alone than females.



Fire start location is another area that warrants further investigation, with 52% (16 of 31) of accidental fatal fires over the last 5 years starting in the living room, of these incidents 81% (13 of 16) saw the victim(s) in the room of origin at the start of the fire. This is significantly higher than any other location. Fires starting in the bedroom contributed 16% of fatal incidents and fires starting in the kitchen 15% of incidents. The victim(s) were less likely to be in the room of origin at the start of the fire.

The most prevalent ignition source continues to be smoking materials, with 35% (11 of the 31) accidental fatal fires starting in this way.

### Actions Required

1. It is recommended that the seven key risk factors identified within the South West Fatal Fire review are incorporated into the new Home Fire Safety Visit screening process and visit. This will ensure that resources are directed to the households that are most at risk of having a fatal fire in the home.

Capturing pertinent information during the visit will enable more rounded evaluation of the visits that are generated to establish whether we are successfully identifying households that demonstrate the key risk factors.

## Measure 3 Exception Report

### Measure 3: Fires where people live

Negative exception ✘

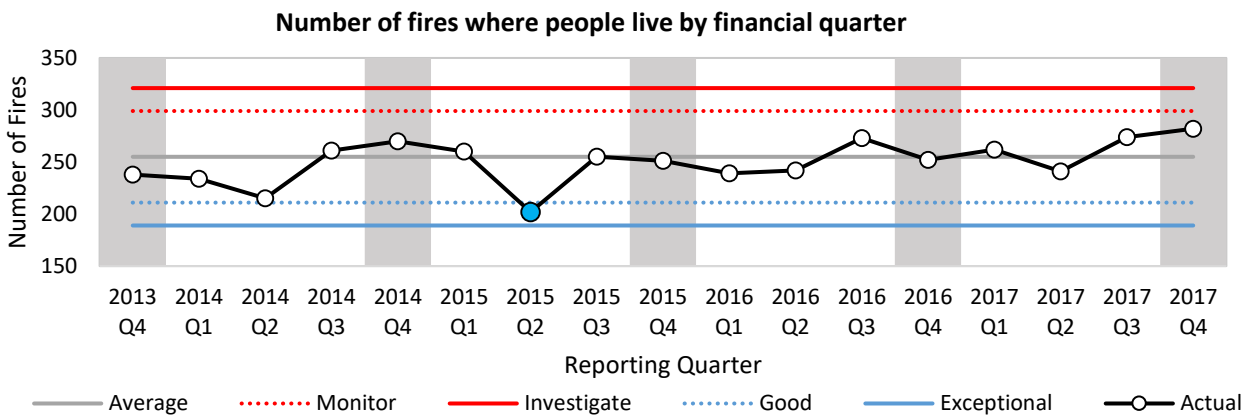
	Q4 17/18	Q4 16/17	Var.		YTD 2017	YTD 2016	Var.		Rolling 3 Year Trend	Rolling 5 Year Trend
Total	282	252	11.9%	✘	1059	1006	5.3%	!	↑	↑
Accidental	264	231	14.3%	✘	979	925	5.8%	!	↑	↔
Deliberate	18	21	-14.3%	✓	80	81	-1.2%	✓	↑	↑

### Why is this an exception?

This measure is in exception due to increases in quarterly and year to date figures compared to the same period last year and the rolling three and five-year data showing an upward trend.

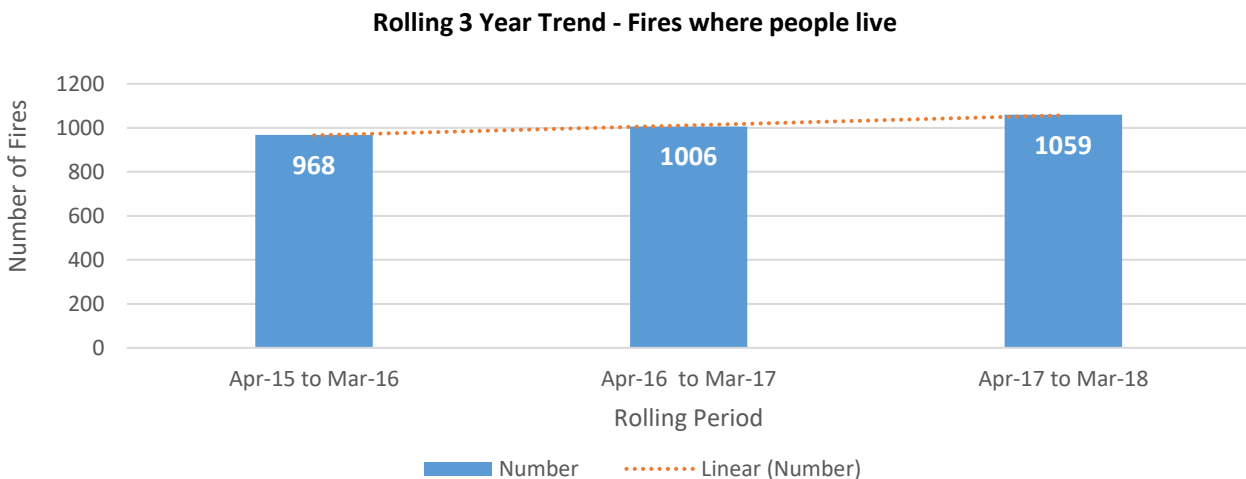
### Analysis

The number of fires has increased compared to previous year, however, the control chart below indicates that the data is within normal levels of variation for the reporting quarter. It is worth noting that quarter three consistently has above average numbers of fires.



\*Control charts enable us to monitor whether the data that we are seeing is in control or "normal". Points above the monitor line indicate there may be an emerging issue. Points above the investigate line indicate special cause variation and will require further investigation.

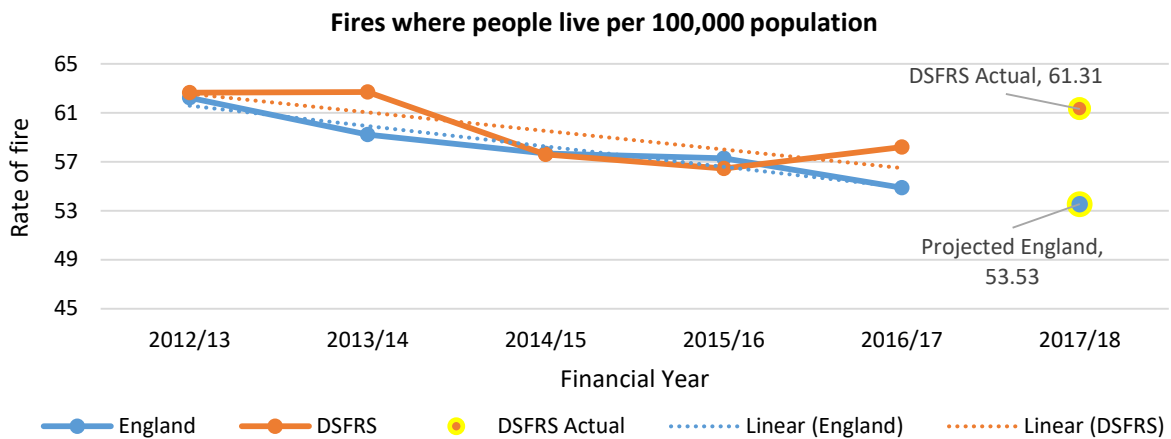
The rolling three year data shows a slight upward trend. The numbers are consistently increasing year on year. There has been a 9.4% increase from the rolling year Apr-15 to Mar-16 to the rolling year Apr-17- Mar-18.



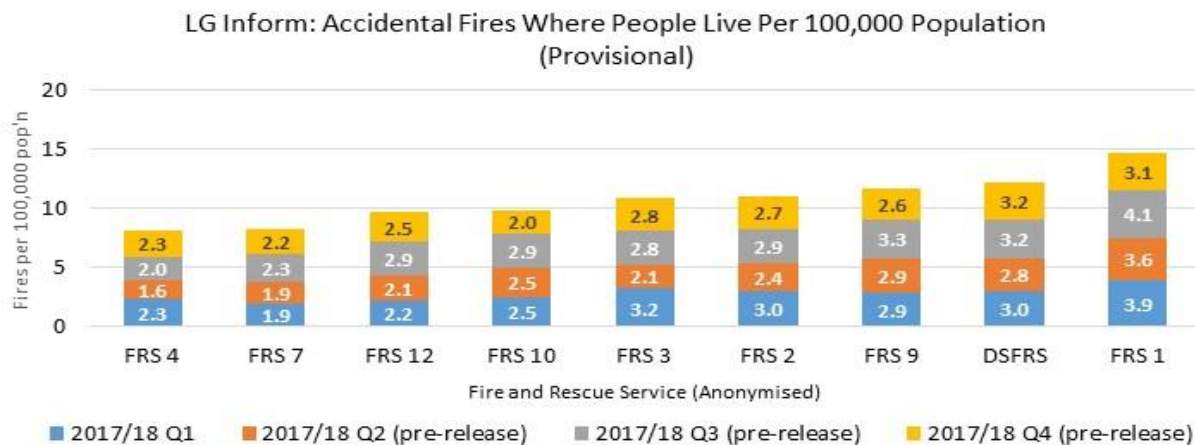
## Measure 3 Exception Report

Benchmarking data provides context to enable better understanding of whether performance is in line with comparable organisations. The chart below shows the rate of fires where people live per 100,000 population for DSFRS compared with that of England as a whole.

While DSFRS performance is more variable it is showing a five-year trend that is reflective of the national picture. It is anticipated that when the national statistics for 2017/18 are released that DSFRS performance will diverge from the national. This is due the increase in fires where people live compared to previous year and the year-on-year decreases that have been present in the national data.



Local benchmarking provided through LG Inform also indicates that DSFRS are seeing an above average number of fires for the 2017/18 period and provides further confidence that the Service will see declining performance compared to the national picture when 2017/18 statistics are published.



### Actions required

1. Performance is within normal levels for the Service, however, it is recommended that further analysis is undertaken to establish any emerging trends that may be contributing the above average number of fires.
2. Where intelligence suggests that there are areas of concern or common factors appearing this should be investigated in conjunction with the Community Safety Prevention team and integrated into prevention strategy.

## Measures 1-3 Commentary

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### Community Safety Prevention Activities

In the 12 months from 01 April 2017 to 31 March 2018 the Service conducted 10,899 targeted Home Safety Visits\* to households identified as needing 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 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, from 01 April 2017 to 31 March 2018, the Service undertook 5,483 preventative activities to improve public safety.

### Central Operations Update

The delivery of the new Home Safety Management Tool is scheduled for August 2018. This is the final element of a two year trial that will see the Community Safety department managing the entire Home Safety Visit (HSV) process from referral through to booking and delivery of the visit by a Home Safety Technician. The existing trial has been a great success and seen a significant rise in the number of HSV's being delivered by the Service.

In Q3 and Q4 we have managed an initiative with the DSFRS approved electrical contractor to provide an electrical safety check on properties where our Advocates and Technicians have identified an electrical hazard that had the potential to cause harm to the customer. In one case, a single parent with 11 children was referred by a Home Safety Technician after a Home Safety Visit. Due to the level of risk, remedial work was immediately carried out, supported financially by a local partner to make the installation safe and ensure the safety of the family involved.

The Community Safety Team are focusing our resources to ensure that the most vulnerable members of society are receiving our services in the first instance and to achieve this there have been adjustments made to our screening process for a Home Safety Visit. These adjustments incorporate the risk factors identified within the South West Fatal Fire Review as well as partnership referrals.

### Area Operations Update

#### **East Devon**

Partnerships: The Partnership Officer for East Devon Group attended a Memory Café conference for vulnerable adults with dementia and memory loss issues. Attendance at the conference has given us access to Memory Cafés in most towns throughout our Group area. This has created an increase in Level 1 and 2 Home Safety Visits from vulnerable members of our communities, generating over 50 referrals in the short initial period with an expectation of many more to come. The approach has been shared amongst colleagues in other Groups.

Working closely with front line crews at Danes Castle has proven successful. The crews attended a kitchen fire where the occupant, a single parent, was a tenant of Cornerstone Housing Company. Engagement with the individual and company by the crew and the Housing Officer has led to them now becoming a partner with potential to reach many of their vulnerable tenants.

Home Safety: The Prevention Team have continued to support a targeted approach to Home Safety, ensuring that we support events and pro-active engagements identified within our Group Plan.

*\* (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')*

## Measures 1-3 Commentary

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Other Prevention: Schools Fire Education; East Devon Group Education Advocates finished the financial year engaging face-to-face with 12,444 school aged children. This covered children from pre-school to young adults in further education. We were also able to evaluate all of our activities using the electronic SMART system, allowing us to develop an evidenced based feedback system. Work has already begun on booking schools in for the academic year 2018/19.

### **West Somerset**

Partnerships: West Somerset Group has recognised that carers providing services at home for the elderly, disabled and/or vulnerable are vital partners in identifying citizens who are likely to be at increased risk of an accidental fire in their home. The Group are making contact with organisations (in the commercial and charity sectors) that provide care services at home to offer awareness training of the risk factors to look out for. The largest of these potential partners is Somerset Care, training for their large staff cohort is arranged to take place through the summer.

Home Safety: The Home Safety Technicians are now working in Somerset West Group and the numbers of Home Fire Safety Visits have increased accordingly.

Advocates and wholetime watches have been concentrating on generating home visits through use of Exeter data and local knowledge.

### **North Devon**

Partnerships: North Devon Partnerships are delivering a huge number of referrals, with guidance from our Community Champion, certificates are being awarded to Home life carers, NHS and Devon carers for the number of quality referrals they are generating. North Devon are working closely with the NHS and vulnerable people being discharged from all areas of the hospital are now being referred for a HSV. The team are also generating referrals from doctor's surgeries across the area.

Training given to one partner, North Devon Hospice, has encouraged them to change their policy on 'waking staff' who are now given personal CO alarms by their employer to ensure their safety whilst they are carrying out their caring duties.

North Devon Prevention team are working closely with One Ilfracombe. A "spring into action" event saw over 1000 residents of Ilfracombe attend, receiving a large amount of home safety advice and generating a number of HSV referrals.

The 'Out of the blue project' run by DSFRS staff, Police, Royal National Lifeboat Institute and the Environment Agency in the Bideford and Ilfracombe area, under the 'One' Banner, teaches young people basic first aid skills, develop team work skills as well as building confidence and aspirations. They have recently been funded by Bideford Town council and the Bridge trust to £6000 to keep this running and hopefully extend this good work to the Torrington area, without this funding the project would have ceased due to the reduction in the prevention budget.

*'The continuing Out of the Blue programme is a testament to joint working within the community. The outcomes we have achieved with this project include better attendance rates for the student who have taken part in the course from Ilfracombe Academy, better attitude to learning scores and better relationships between the young people in Ilfracombe and the uniformed services.'* One Ilfracombe Partnership report 17/18.

The Health and Social Care team Torrington are working with elderly people who have fallen and injured themselves, the Community Champion intervened to save a life from Carbon Monoxide poisoning by gathering information and informing control who mobilised two pumps to the address, where two faulty gas appliances were found to be leaking.

## Measures 1-3 Commentary

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Working in partnership with 'Drink Wise Age Well' a number of high risk vulnerable people have been referred and have had products offered to them to reduce the risk of fires in their homes.

Other Prevention: North Devon's professional schools talk advocate has completed all key stage talks across every school within North Devon.

### East Somerset

Partnerships: Somerset East is continuing to work with established partners, Careline Sompar and a number of local mental health organisations that are all providing a high number of good quality targeted referrals.

Partnerships with local housing providers Yarlinton and Aster have also been beneficial in providing referrals and supporting community action events.

Development and support of additional effective partnerships to assist in the targeting of the most vulnerable members of our community will be our main focus for quarters 2-4, along with the development of a partnership lead within the team.

East Somerset now has a regular dedicated attendance at all One Team multi-agency forums at both operational and tactical levels, as well as within District Council forums.

Home Safety: quarter 4 activity has focused on reducing the increased number of outstanding Home Safety Visits on our waiting list. This increase was caused by an influx of referrals generated as a result of successful partnerships and an unforeseen reduction in qualified staff available to carry out the visits. This work is now largely complete.

Somerset East have been targeting vulnerable people through activity focused on sheltered housing schemes across the group. This work is based on risk profile provided by NHS Exeter Data. Twenty-two sheltered housing schemes have been visited out of an identified total of 43. The emphasis of these visits is on: fire prevention, smoke detection, escape planning, consequences of distractions. Organisationally, cooking & kitchen related incidents remain an ongoing problem. The group continues to focus on education and intervention activity in this area to directly address the issue. A '**Look While you Cook**' message is emphasised during all targeted activity.

Somerset East had a very strong presence at this year's **Bath & West** show, England's only four-day Royal Show. The team carried out demonstrations and gave talks in the main arena twice a day emphasising the '**Look While you Cook**' message.

Other Prevention: Three new advocates have started with the team, delivering Home Safety, Schools Education and one on Partnerships due to her established background in Adult Social Services. Also a good example of targeted recruitment.

A Schools education programme is underway with a target to deliver 120 talks to Key Stage 2 classes in local authority schools situated in the South Somerset and Mendip.

### West Devon

Partnerships: The Group continues to work with Partners to generate high volumes of partnership referrals. Drop in mornings have been established at Derriford Hospital, Kingsbridge Hospital, Plympton Medical Centre and Plymstock Surgery.

## Measures 1-3 Commentary

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Other Prevention: The Group support the following events; Armed Forces Day, Plymouth Respect Festival, Plymouth Pride, Station Open Days, Blue Light Days for adults with learning disabilities, 999 Emergency Services Days.

The Group is scheduled to take part in three Junior Life Skills events in 2018. Junior Life Skills is a multi-agency event aimed at keeping young people safe. Over the course of the three events around 3,600 young people will be engaged with

### **South Devon**

Partnerships: The Group have been prioritising prevention activity to address local risk demographics. With 25% of the population at or above retirement age and high numbers of cooking related incidents linked to this section of the community this is an area of concern,.

South Devon Group have established partnerships relating to home health care, Age UK and dementia. The Group also continue to support existing partnerships including Mental Health Awareness Week and Deaf Awareness Week.

Home Safety: South Devon continue to deliver high numbers of HSV's as a group priority to reduce waiting times of clients and ensure the Service is meeting the needs of the community efficiently and effectively.

The Group has also been targeting safety at community and family festivals.

Other Prevention: National campaigns with ASDA around kitchen safety.

Targeting areas with less access to fire cover to nurture partnerships and prioritise Exeter data to further reduce risk.

## Performance Overview Measures 4 - 6

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

Status

	Q4 17/18	Q4 16/17	Var.		YTD 2017	YTD 2016	Var.		Rolling 3 Year Trend	Rolling 5 Year Trend
Total	0	0	0	0	1	3	-66.7%			
Accidental	0	0	0	0	1	2	-50.0%			
Deliberate	0	0	0.0%		0	1	-100.0%			

In Q4 there have been no fire related deaths where people work, visit or in vehicles.

If a death occurs in the reporting quarter this measure will become a negative exception and further information will be provided. Trends and performance will be monitored to establish whether there are any developing performance issues. It is important to note that fortunately the number of deaths from fire is very low and small changes in the number can lead to extreme changes in percentages.

### Measure 5: Injuries at fires where people work, visit and in vehicles

Status

	Q4 17/18	Q4 16/17	Var.		YTD 2017	YTD 2016	Var.		Rolling 3 Year Trend	Rolling 5 Year Trend
Total	7	0	NA		32	15	113.3%			
Accidental	6	0	NA		21	13	61.5%			
Deliberate	1	0	NA		11	2	450.0%			

This measure is highlighted as an exception due to the quarter on quarter increase and year to date increase in injuries in all elements of the measure. The rolling 3 year trend is also negative overall. The five year rolling trend is positive for all but deliberate fires.

An exception report can be found on pages 17 and 18.

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

Status

	Q4 17/18	Q4 16/17	Var.		YTD 2017	YTD 2016	Var.		Rolling 3 Year Trend	Rolling 5 Year Trend
Total	265	274	-3.3%		1230	1335	-7.9%			
Accidental	192	191	0.5%		889	946	-6.0%			
Deliberate	73	83	-12.0%		341	389	-12.3%			

This measure is showing a positive status in performance. Numbers of fires have decreased in the corresponding quarters and in the year to date.

Rolling three year trend shows an improvement in performance in accidental fires, rolling five year trend shows an improvement in performance in totals and accidental fires. Deliberate fires show an decrease in the three and five year trends.



## Measure 5 Exception Report

### Measure 5: Injuries at fires where people work, visit and in vehicles

Negative exception ✘

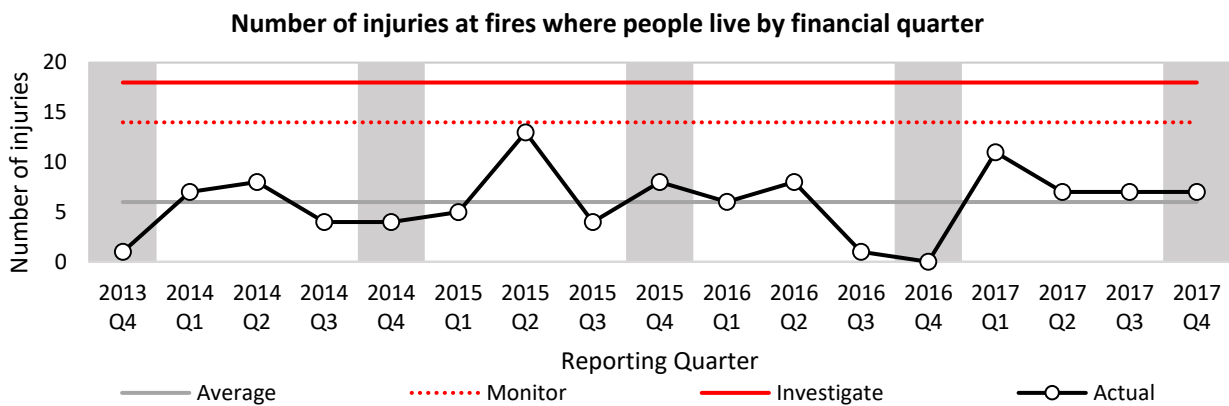
	Q4 17/18	Q4 16/17	Var.		YTD 2017	YTD 2016	Var.		Rolling 3 Year Trend	Rolling 5 Year Trend
Total	7	0	NA	NA	32	15	113.3%	<span style="color: red;">✘</span>	↑	↓
Accidental	6	0	NA	NA	21	13	61.5%	<span style="color: red;">✘</span>	↓	↓
Deliberate	1	0	NA	NA	11	2	450.0%	<span style="color: red;">✘</span>	↑	↑

### Why is this an exception?

This measure is in exception due to increases in quarterly and year to date figures compared to the same period last year.

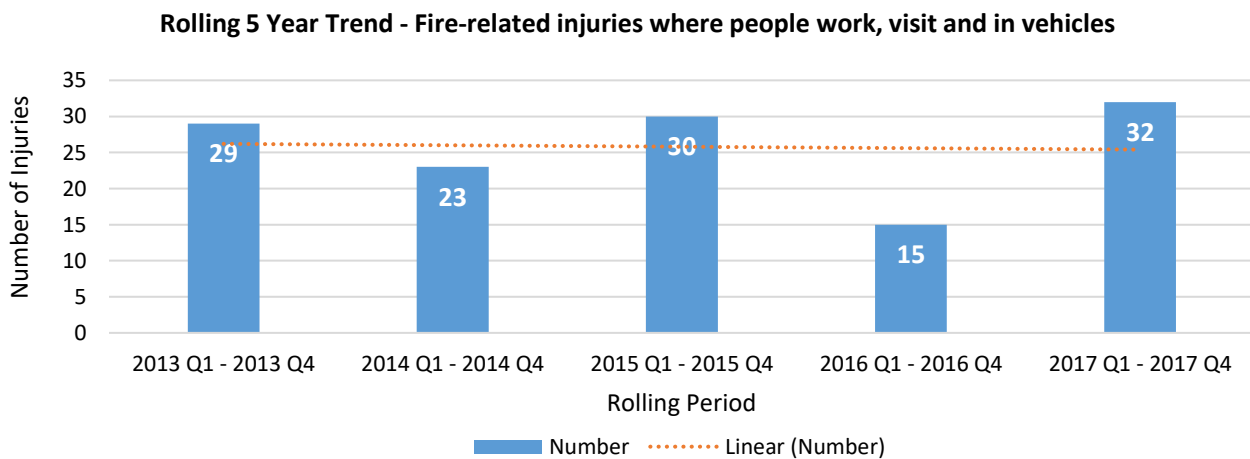
### Analysis

The number of injuries has increased compared to previous year, however, the control chart below indicates that the data is within normal levels of variation for the reporting quarter.



\*Control charts enable us to monitor whether the data that we are seeing is in control or "normal". Points above the monitor line indicate there may be an emerging issue. Points above the investigate line indicate special cause variation and will require further investigation.

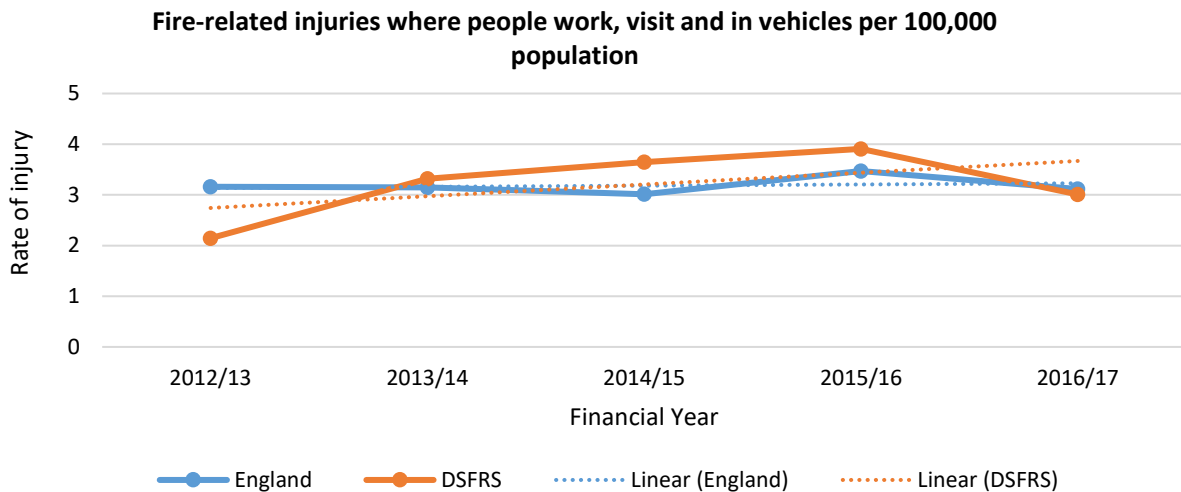
The rolling year data are show a very slight downward trend. The numbers are variable and not showing a consistent year on year reduction. However, 2017/18 has seen the highest number of injuries in the five year period.



## Measure 5 Exception Report

Direct comparison data is currently unavailable for benchmarking at a national level. The chart below shows the rate of all fire-related injuries where people work, visit and in vehicles per 100,000 population. This includes injuries where only first aid or a precautionary check were required which are excluded from measure five.

However, this data can still provide an insight into whether DSFRS performance is representative of the national picture. The DSFRS data has returned to below the national rate in 2016/17.



### Actions required

Due to performance being within normal levels no further action is required at this time other than continued monitoring. It is important to note that the number of injuries of this type are very low and therefore percentage change against previous year can look dramatic.

Targeted business safety activities are in progress. Further information on ongoing and future activities can be found in the measure 4-6 commentary section of the report.

## Measures 4-6 Commentary

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### Community Safety Protection Activities

DSFRS has a statutory obligation to ensure that non-domestic premises and public events are compliant with fire safety regulations. From 1 April 2017 to 31 March 2018 the Service conducted 3,752 fire safety checks, 686 fire safety audits and 7,406 other protection activities to ensure public safety.

### Central Operations Update

Primary Authority Scheme: the scheme has been reinforced due to the maturing of relationship with Bourne Leisure and creation of four new partnerships and a further two in the pipeline. Advice given to Bourne Leisure was adopted as national standard by National Fire Chiefs Council (NFCC) and Welsh Fire and Rescue Services. The Service's Primary Authority manager has won a national award for Regulatory Excellence, from the Department for Business, Energy and Industrial Strategy for this work.

The Service has taken account of the impact of the Enterprise Act and provided training and guidance to Service.

Legal actions and court cases have resulted in 100% success rate, confirming robust and well led decision making processes are in place.

Training and development of personnel is a key area of focus to ensure that the Service has sufficient capacity and resilience to deliver business safety activities. In 2017/18 15 operational staff have been trained to a national standard for regulatory fire safety inspections of buildings, including 9 new recruits. Two further training courses have been scheduled to develop a further 18 recruits and 9 operational staff. The Service is also seeking to establish a 'business engagement team' using the staff trained.

Team members have worked on the apprenticeship trailblazer for Business Safety Officers and fire engineering. Completion of this work will allow the Service to access the apprenticeship levy to fund training for our staff.

Process development: in 2017/18 the Service introduced a new risk based inspection targeting programme from Experian known as Fire Risk Event Data (FRED), the data supports effective use of resources, directing focus at the premises that are most likely to have a fire.

The Service has developed detailed advice on heritage risks and updated website information. The DSFRS lead for heritage has linked with the NFCC Council on heritage matters to create a regional support group and has been highly commended by the NFCC lead for Heritage for their efforts.

The Service has also commenced an email engagement initiative to support Business Safety messages, with businesses signing-up to receive regular updates and safety advice.

The introduction of Short Audit inspection process to promote consistency and competency (a key theme of the initial findings of the Dame Judith Hackett review) has been progressed.

The Service has introduced a process to provide wireless interlinked smoke detectors (at no cost to DSFRS) to businesses and Houses in Multiple Occupancy where the alternative would have been to prohibit or restrict the use of the premises. This promotes and supports business and prevents removing residents from their homes while still allowing legal actions to be taken if appropriate.

## Measures 4-6 Commentary

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The Service works closely with the Heart of the Southwest Better Business for All programme to share good regulatory practice and develop a one stop shop for businesses seeking advice on regulatory matters.

DSFRS has worked closely with the National Fire Chiefs council in the development of advice and guidance for short term lets and have published a DSFRS leaflet on short term holiday lets.

### Area Operations Update

#### **Somerset East**

Targeted inspection programme across East Somerset utilising various data sets and intelligence continues. The primary source of data and intelligence used to shape the inspection program is FRED information. This has greatly assisted the work when targeting risky premises. The information has highlighted a number of sleeping risks and licenced premises that the Group has focused on visiting during the last quarter. Many of those identified have resulted in enforcement or further action.

Good progress has been made with post-Grenfell cladding checks and the Group are now in the final stages of completion. The team will continue to work in this area. From the 230+ premises **identified** there are currently 31 left to complete.

The Group has supported a number of Business Safety engagement activities through Bath & West Show, Cornish Mutual and a Business Safety engagement event engaging with Holiday lettings providers held within the East Somerset Group attended by the head of Business Safety

Somerset East Group has supported a number of public events through Safety Advisory Groups including 1980's band Ah-ha headlining at Yeovil Town FC; and also a number of small music festivals that have been held across Somerset East.

Somerset East continues to be busy with legal action enforcement work. This is due to the effective targeting of premises to inspect through good use of the FRED database, post fire inspections and referrals from partner agencies. The most high profile of these is a 32 bedroom hotel, identified through FRED which has resulted in a Prohibition Notice being issued and potential for legal action against the responsible person.

#### **Somerset West**

Inspection Activity: Level 1 authorised inspectors are now carrying out Fire Safety Checks on premises which present a risk to life, particularly to the lower socio economic demographic(s).

An initiative introduced to Bridgwater in Q3 2017/18 focused Fire Safety Check delivery on commercial premises with sleeping accommodation above or adjacent is being expanded with Level 1 authorised inspectors targeting these locations. The objective of the initiative is to promote a greater understanding of the Fire Safety Order and to improve the safety of those in the community that, due to their circumstances, may be less likely to raise concerns or complaints.

Further to this initiative, greater partnership activity is being developed across the Local Authority spectrum (Housing Standards, Environmental Health and Licensing as just three examples).

Inter-agency liaison with our Police partners is also being developed to establish and deliver on coordinated / integrated inspection activity to achieve our mutual goals.

## Measures 4-6 Commentary

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Post Grenfell Inspections: One business safety advisor has been tasked with carrying out the initial inspection activity for all West Somerset premises forming the Post Grenfell Inspection list. To date Bridgwater, Burnham and Cheddar premises have been completed with a few exceptions and the focus is moving towards Taunton.

Level 2 Authorised Inspectors within this Business Safety Team, provide ongoing support for Level 1 authorised inspectors and in addition are carrying out inspection activity to the higher risk premises within FRED data.

Regular case reviews are now undertaken with support from the Service Headquarter Quarters Business Safety Team to ensure that actions taken are in line with Service expectations, ultimately improving consistency in the enforcement process.

Musgrove Park Hospital (MPH): a firm link is now in place with MPH, with DSFRS staff attending regular hospital fire safety meetings. One outcome is that agreement to mutually investigate all unwanted fire signals (UFS) has been reached, with MPH being fully aware that where necessary DSFRS will seek to recover the costs of UFS.

Hinkley Point C (HPC): two DSFRS Officers are seconded to the HPC project, West Somerset Business Safety Team ensures regular liaison with an aspiration to identify emerging risks at an early stage to enable any additional inspection initiatives to be 'built into' the business as usual work streams as these are likely to be medium to long-term projects.

### **East Devon**

Partnerships: the Group are continuing to work in partnership with Exeter City Council, East Devon Council and Mid Devon District Council's Environmental Health Private Sector Housing and Licensing teams. The partnership has grown to include working with those responsible for maintaining fire safety in the communal areas of the respective councils own social housing stock. This has led to direct and indirect intervention in a number of blocks of flats improving the means of escape for a significant number of East Devon residents.

Local Initiatives: East Devon Group Support has continued to support East Devon District Council with a sterile policy in the council's social housing with joint inspection visits. This work has expanded to include inspections of blocks of flats managed and owned by Private Sector parties to identify non-compliant fire doors and other means of escape issues.

The Business Safety Team has supported Exeter City Council in the preparation of their 'Clear and Safe' policy in their social housing blocks. The support of DSFRS at Councillor meetings was greatly appreciated in winning the support of local councillors for a change of policy. The 'Clear and Safe' policy is due to be implemented imminently with a transition period to allow residents to adjust to the culture change and to allow the council to improve storage facilities etc.

The Business Safety Team has attended a number of seminars aimed at providing Private Sector Landlords advice on what fire precautions are necessary in HiMO accommodation.

Inspection Programmes: An inspection programme, based on the FRED data has continued throughout the quarter. The information provided has led to more efficient targeting of higher risk premises and many of those visited has resulted in further action or enforcement.

The group has continued to complete fire safety checks since the previous quarter resulting in a number of Fire Safety Audits.

## Measures 4-6 Commentary

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Through targeted inspections, response to complaints from members of the public and concerns raised by other Regulatory bodies Prohibition Notice and Enforcement Notices have been served.

Building Regulation Consultation: East Devon Group has continued to be involved in a number of significant and high profile Building Regulation Consultations throughout the quarter. These construction projects have included a number of significant student accommodation blocks which have involved complex fire engineered safety strategies. The group has continued, with support from DSFRS Fire Engineers, to strive for effective and manageable fire safety within the built environment whilst also ensuring adequate measures are in place for firefighters.

Grenfell: Work on inspecting all high rise premises in the group has concluded and further publically owned premises have been identified for inspection. Information on cladding systems installed across health care and educational premises is still being collated through telephone enquiries and site visits.

### North Devon

Inspection Programmes: three trained protection advocates are working on a part-time basis to complete checks on selected premises from the FRED data and local knowledge. Fire Safety Audits from two full time practitioners. The targeting work has been very successful and has led to one prohibition, one enforcement and 18 action plans.

The protection team are working closely with North Devon District council to assist them in visiting Houses in Multiple Occupancy within the Ilfracombe area, and after consultation with the Council Housing Officer lead this is soon to be extended to all HIMOs within Ilfracombe.

The North group are working closely with the councils own housing stock managers to ensure that premises are safe for the different type of residents.

The Police and Fire community safety officers (PFCSO's) are working with the local advocate to offer advice to shop owners on fire risks with storage of waste outside the premises.

### West Devon

Inspections: the Group have been targeting delivery of fire safety checks based upon FRED data. The focus for operational crews is to carry out fire safety checks at non-sleeping risk premises and to visit: retail, industrial, institutional and licensed premises.

Post Grenfell and High Rise Inspections: West Devon Group were tasked with prioritising inspections to specific building types as a result of the tragic events in London. To date, 385 inspections have been completed.

The main inspection focus for Group Support Team personnel will be residential care premises and other commercial premises with sleeping accommodation.

Compliance Events and Partnerships: West Devon continue to engage with numerous business groups to support increased awareness and standards in fire safety. An example being delivery of bespoke training to 'Best Bar None' accredited licenced premises in the Plymouth area. Developing relationships with businesses through compliance events and engagement activities is key to fostering positive partnerships that will improve fire safety standards.

The Group are a statutory attendee on the Safety Advisory Group for Plymouth Argyle FC and are providing building regulation advice during the refurbishment of the Grandstand and associated buildings.

## Measures 4-6 Commentary

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In addition to this representatives sit on Event Safety Advisory Groups covering Plymouth, West Devon Borough Council and South Hams. These groups enable relevant information on large events to be shared between agencies to ensure that proceedings run safely and are compliant with regulations.

### **South Devon**

Partnerships: South Devon Group are represented at Safety Advisory Groups & Event Safety meetings. All large outdoor events and festivals are visited prior to commencement to offer advice and ensure fire safety compliance.

The Group attended a compliance event at Teignbridge Council offering advice to property landlords in relation to fire safety matters.

Joint inspections with Local Authorities and Police ongoing.

Inspection Programmes: a targeted inspection programme continues across South Devon through information from FRED data sets, wholetime inspections and local intelligence.

Joint working and targeted enforcement continues with Housing Officers in Torbay and the Police. The information received and intelligence highlighted a number of sleeping risks, including Air b 'n b properties and licenced premises that the group has focused on visiting during the last quarter. Many of those identified have resulted in enforcement or further action.

Widespread publicity on prosecutions within the area has resulted in businesses requesting support to comply with Regulatory Reform (Fire Safety) Order 2005 (RRO) prior to inspections.

Legal Action and Enforcement: ongoing investigations and evidence gathering into serious breaches of the RRO in continuing. Successful prosecutions within South Devon have helped to fund a trial into digitisation of existing Fire Safety files.

## Performance Overview - Measures 7 & 8

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

	Q4 17/18	Q4 16/17	% pt. var.		YTD 2017	YTD 2016	% pt. var.		Rolling 3 Year Trend	Rolling 5 Year Trend
Total	66.7%	64.1%	2.6%	✓	68.5%	67.5%	1.0%	✓	↓	↑

This measure is showing positive performance. Improvements in response standards are shown in the corresponding quarter, the year to date figures and in the five year rolling trend.

The negative three year trend does not effect the overall status of this measure but should be monitored.

### Measure 8: ERS for Road Traffic Collisions ✓

	Q4 17/18	Q4 16/17	% pt. var.		YTD 2017	YTD 2016	% pt. var.		Rolling 3 Year Trend	Rolling 5 Year Trend
Total	78.0%	72.7%	5.3%	✓	77.4%	74.3%	3.1%	✓	↑	↑

This measure is showing positive performance. Improvements in achievement of the response standard are shown in all elements.



## Emergency Response Standards

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### **Area Operations Activities**

#### **East Somerset**

Stations pre-planning crewing availability and identifying development opportunities for staff through appliance driving and incident command training to support appliance availability

Crewing Coordinators continue to work with Community Firefighters to supplement crewing of on-call appliances using the Resource Asset Management tool to prioritise allocation of resources according to risk.

Somerset East are actively engaged in recruitment across the group to ensure sufficient crewing is maintained; supporting availability, public and staff safety.

#### **North Devon**

The Group are working hard to improve the availability of resources with Local Risk Managers engaging employers and media in the area to promote the benefits to businesses of releasing staff to become on-call employees.

Eight North Devon probationary staff have successfully completed this phase of their development and are now fully qualified on call Firefighters. An additional six new firefighters have passed the On-Call training courses.

Group Support Team staff are working flexibly from various locations within the Group to keep appliances on the run and improve availability.

#### **East Devon**

Stations with both wholetime and on-call personnel have been operating a minimum crewing model in order to supplement on-call availability to bring appliances at their station back on the run and support crewing of special appliances.

East Devon Group have formalised a programme to give additional support to Firefighters throughout their development, with facilitated practical sessions and stage reviews.

A local program has been introduced that will prepare individuals on station who have been nominated for their initial Incident Command System Level 1 course. This is improving pass rates in initial courses and requalification courses and subsequently having a direct impact on improving appliance availability.

#### **South Devon**

A trial is ongoing at Newton Abbot to evaluate whether 'Fire' signs in vehicles support on-call personnel to respond more efficiently to incidents. Data is being captured to establish whether the trial has a positive effect on turnout times for the station.

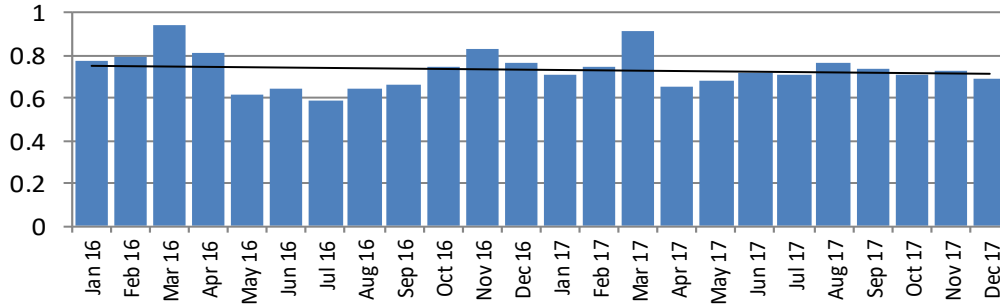
Some wholetime staff are providing ad hoc cover to the on-call stations in the community where they live to maintain the availability of appliances, this is paid for in accordance with on-call rates of pay.

## Performance Overview - Sickness

### Priority: Staff Safety - Sickness Rates

Measure Breakdown	Actual Apr-17 to Mar-18	Previous Apr-16 to Mar-17	% Variance
Sickness Rates (All Staff)	8.51	8.68	-1.90%

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



Sickness Rates by Post Type Apr-17 to Dec-17	Wholetime Station Based Staff			Wholetime Non-Station Staff		
	Actual	Previous	% Var.	Actual	Previous	% Var.
<b>Overall Sickness Rate</b>	8.95	7.39	21.2%	6.33	9.95	-36.4%
Days / Shifts Lost	3190.50	2751.50	16.0%	1337.50	1900.00	-29.6%
<b>Sickness Rate - Long Term*</b>	5.11	3.89	31.3%	4.07	8.17	-50.2%
Days / Shifts Lost - Long Term	1821.50	1450.50	25.6%	860.00	1560.00	-44.9%
<b>Sickness Rate - Short Term Cert**</b>	1.48	1.11	33.6%	0.96	0.80	19.3%
Days / Shifts Lost - ST Cert.	529.00	414.00	27.8%	202.00	153.00	32.0%
<b>Sickness Rate - Short Term***</b>	2.36	2.38	-1.0%	1.30	1.04	25.1%
Days / Shifts Lost - ST	840.00	887.00	-5.3%	275.50	199.00	38.4%

Sickness Rates by Post Type Apr-17 to Dec-17	Control			Support Staff		
	Actual	Previous	% Var.	Actual	Previous	% Var.
<b>Overall Sickness Rate</b>	10.80	10.10	6.9%	9.42	9.41	0.1%
Days / Shifts Lost	384.52	167.96	4.5%	2286.62	2223.58	2.8%
<b>Sickness Rate - Long Term</b>	6.95	4.78	45.6%	5.84	5.31	10.1%
Days / Shifts Lost - Long Term	247.52	173.96	42.3%	1418.43	1254.40	13.1%
<b>Sickness Rate - Short Term Cert.</b>	2.30	1.13	104.6%	1.24	1.72	-27.9%
Days / Shifts Lost - ST Cert.	82.00	41.00	100.0%	301.20	406.69	-25.9%
<b>Sickness Rate - Short Term</b>	1.55	4.20	-63.2%	2.34	2.38	-1.9%
Days / Shifts Lost - ST	55.00	153.00	-64.1%	566.99	562.49	0.8%

\* Long Term Sickness: >28 Calendar Days

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

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

# Agenda Item 8

<b>REPORT REFERENCE NO.</b>	<b>APRC/18/16</b>
<b>MEETING</b>	<b>AUDIT &amp; PERFORMANCE REVIEW COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>27 JULY 2018</b>
<b>SUBJECT OF REPORT</b>	<b>LOCAL PENSIONS BOARD ANNUAL REPORT 2017-18</b>
<b>LEAD OFFICER</b>	<b>Director of Corporate Services</b>
<b>RECOMMENDATIONS</b>	<p><i>(a). that the Authority be recommended to amend the Terms of Reference for this Committee to provide explicitly for it to receive an Annual Report from the Local Pensions Board;</i></p> <p><i>(b). that the first Local Pensions Board Annual Report 2017-18, as appended to this report, be noted.</i></p>
<b>EXECUTIVE SUMMARY</b>	<p>At its budget meeting on 20 February 2015, the Authority resolved to establish, with effect from 1 April 2015, a Local Pensions Board in compliance with the requirements of the Firefighters' Pension Scheme (Amendment)(Governance) Regulations. The role of the Board is to assist the Authority (as Scheme Manager) in ensuring the effective and efficient governance and administration of the firefighters' pensions scheme. The Board is not, however, a decision making body. Day-to-day management and administration of the firefighters' pensions scheme functions are delegated to the Human Resources Manager (or equivalent post-holder).</p> <p>Nationally, a Scheme Advisory Board has been established to advise the Secretary of State on potential changes to the firefighters pensions schemes and advise scheme administrators and local pensions boards on the effective and efficient administration of the Schemes. The Board advocates that, as a matter of good practice and assurance, Local Pensions Boards should produce an Annual Report on their activities for consideration by their respective scheme managers.</p> <p>Given the role of this Committee in other assurance matters (for example, the Authority's Annual Statement of Accounts and Annual Assurance Statement; receipt of internal and external audit reports), it is considered to be both appropriate and proportionate that this Committee should, going forwards, receive the Local Pension Board Annual report. The first annual report published for this Authority's Board is, therefore, now appended for consideration. For transparency and clarity purposes, it is also proposed that the Authority amends the Terms of Reference for this Committee to make explicit that the Committee will receive the Local Pensions Board Annual Report.</p>
<b>RESOURCE IMPLICATIONS</b>	Nil.
<b>EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)</b>	The contents of this report are considered compatible with existing equalities and human rights legislation.

<b>APPENDICES</b>	A. Local Pensions Board Annual Report 2017-18
<b>LIST OF BACKGROUND PAPERS</b>	Report DSFRA/15/5 (Establishment of Local Pensions Board for Firefighters' Pensions Scheme) to the Authority Budget Meeting on 20 February 2015 (and the Minutes of that meeting).

# Devon and Somerset Fire and Rescue Authority

## Local Pension Board Annual Report 2017-18

### 1. Introduction

The purpose of this Annual Report is to provide information about the status of the Devon and Somerset Fire and Rescue Authority Local Pension Board for Scheme Members (employees and pensioners) and for the Scheme Manager (the Authority) together with a summary of issues considered in the relevant period (1 April 2017 – 31 March 2018).

In accordance with Section 5 and s.30 (1) of the Public Service Pensions Act 2013 and Regulation 4A of the Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015, the Devon and Somerset Fire and Rescue Authority Local Pension Board was established in February 2015 to provide advice on the effective and efficient administration and management of the various firefighter pension schemes.

The Report includes commentary on the following;

- A summary of the work undertaken by the Local Pension Board during 2017-18
- Detail of areas investigated and how these areas were dealt with
- Any conflicts of interest and how these were managed
- Any identified risks and other areas of potential concern
- Any expenses and costs incurred by the Board
- Gifts and hospitality received by members of the Board
- Training for Board members

### 2. Membership and meetings of the Local Pension Board

2.1. The Local Pension Board comprises of six members as follows:

Scheme Manager Representatives:

- Mike Pearson - Chair (Director of Corporate Services)
- Amy Webb (Director of Finance)
- Councillor Brian Greenslade

Scheme Member Representatives:

- Bob Walker
- Andy Hallam
- Peter Redbourn

2.2. In addition to the above, the following officers support the Board and regularly attend Board meetings:

- Steve Pope (HR Manager and Delegated Scheme Manager)
- Steve Yates (Democratic Services Manager)

- Hannah Singleton (Executive Support Assistant)

2.3. The Board has met on three occasions during 2017-18, meetings having taken place on:

- 29 June 2017
- 7 November 2017
- 24 January 2018

The updated terms of reference agreed at the Board meeting on 7 November 2018 stipulate that meetings will be held quarterly.

### 3. Work undertaken by the Local Pension Board

- Reviewed and updated Terms of Reference for the Board
- Considered and agreed a Conflict of Interest Policy
- Considered and agreed a Reporting Breach Procedure
- Reviewed and updated the self-assessment using the Pension Regulator tool
- Completed the Pension Regulator Public Service Governance Survey
- Attendance at the Local Government Association (LGA) Fire Pensions Annual Conference
- Organised and attended training, both individually and collectively
- Welcomed a Scheme Advisory Board (SAB) member to a Board meeting in order to receive an update on the work of the SAB and the introduction of Local Pension Boards
- Reviewed potential breaches to report/record where necessary
- Reviewed communications with scheme members in run up to change in Pension Administration and Payroll Provider
- Completed LGA Pension Survey
- Received regular updates from the Scheme Manager and Scheme Administrator

### 4. Identified risks and Board actions

Risks and issues are categorised as follows:

	<b>Action Status</b>
	Not yet started
	In progress
	Complete

<b>Date</b>	<b>Risk/Issue</b>	<b>Agreed Action</b>	<b>Status</b>
05/12/16	Pension Board roles and responsibilities defined and recorded.	Pension discretions policy to be completed and Board Terms of reference reviewed.	
05/12/16	Information about Pension Board published and up to date.	Information to be published on website and reviewed quarterly.	

<b>Date</b>	<b>Risk/Issue</b>	<b>Agreed Action</b>	<b>Status</b>
16/05/17	Pension Board members' knowledge/understanding.	All Board members to complete the Pension Regulator's e-learning modules	
05/12/16	Conflict policy and procedure	Policy and procedure to be developed and put in place.	
05/12/16	Register of Interest	Register published.	
05/12/16	Risk register and procedure for assessing and managing risks	Implement risk processes and risk register	
05/12/16	Internal dispute resolution arrangements	Publish arrangements on website	
05/12/16	Procedures to identify, assess, record and report breaches of the law	Document and implement reporting breaches procedure	
05/12/16	Member communications	Review website and annual benefit statement content	
24/01/18	Member communications	Review communication plan for pension administration and payroll provider project	

## **5. Devon and Somerset Fire and Rescue Service Website**

5.1. Further information regarding the Local Pension Board can be found on the Services website:

<http://www.dsfire.gov.uk/AboutUs/Pensions/index.cfm?siteCategoryId=2&T1ID=193>

## **6. Conflicts of Interest**

6.1. Members of the Local Pension Board are required to declare any personal, prejudicial, or conflicts of interest. Board members are asked at each meeting to declare any conflicts that may have arisen.

6.2. There have been no declarations made by any Board members, advisor or attendee at any meeting of the Board during the relevant period.

## **7. Expenses and Costs**

7.1. Attendance at two LGA events for Local Pension Board members in May and August 2017. The events were funded by the LGA; the only cost to the Service was for accommodation and travel totalling £709.60.

7.2. In October 2017 two board members attended the LGA Firefighters' Pension Conference in London. Again the cost of the conference was funded by the LGA; the only cost to the Service was for accommodation and travel totalling £565.65

- 7.3. Attendance at a Tax Training Seminar in October 2017, which again was funded for by the LGA. The cost of travel paid by the Service was £142.82.
- 7.4. Attendance at the Scheme Advisory Board's Administration and Benchmarking Committee in London during February 2018. The cost of travel was £187.48.
- 7.5. Training in January 2018 delivered at Service Headquarters by the LGA's Pension Advisor. The cost of advisor's time was covered by the Scheme Advisory Board levy; the only cost incurred by the Service was for subsistence totalling £48.19.
- 7.6. The total cost to the Service for the 2017-18 period was £1,653.74.

## **8. Gifts and Hospitality**

- 8.1. No declarations of gifts or hospitality were made by members of the Board during the relevant period.

## **9. Training**

- 9.1. Attendance at a Tax Training Seminar ran by the LGA (one Board member).
- 9.2. LGA Pension Advisor delivered a tailored training session to the Board and an officer from another South West fire authority on the 24 January 2018.
- 9.3. Board members have completed, or are in the process of completing, e-learning modules on the Pension Regulator's website. Details of each Board member training is published on the Service website.

## **10. Legislative updates**

- 10.1. In accordance with statutory requirements, members of the Board have been provided with regular legislative updates.



# Agenda Item 9

<b>REPORT REFERENCE NO.</b>	<b>APRC/18/17</b>
<b>MEETING</b>	<b>AUDIT &amp; PERFORMANCE REVIEW COMMITTEE</b>
<b>DATE OF MEETING</b>	<b>27 JULY 2018</b>
<b>SUBJECT OF REPORT</b>	<b>GOING CONCERN REVIEW</b>
<b>LEAD OFFICER</b>	<b>Director of Finance</b>
<b>RECOMMENDATIONS</b>	<i>That the report be noted.</i>
<b>EXECUTIVE SUMMARY</b>	<p>The Authority's External Auditors have requested a formal response from management over the ability of the Authority to continue as a going concern.</p> <p>This is the first such report which has been prepared and contains a review of the financial position as at 31 March 2018 alongside an assessment of the ability of the Authority to continue operating for the foreseeable future.</p>
<b>RESOURCE IMPLICATIONS</b>	None
<b>EQUALITY RISKS AND BENEFITS ANALYSIS (ERBA)</b>	N/A
<b>APPENDICES</b>	None
<b>LIST OF BACKGROUND PAPERS</b>	None

## **1. INTRODUCTION AND BACKGROUND**

- 1.1. Under International Audit Standards auditors are required to “obtain sufficient appropriate audit evidence regarding, and conclude on, the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements”, and to conclude, based on the audit evidence obtained, whether a material uncertainty exists about the entity's ability to continue as a going concern.
- 1.2. This is the first such report made to the Audit and Performance Review Committee and will consider the Authority’s ability to continue as a “Going Concern” i.e. to deliver its functions and services for the foreseeable future, particularly focussing on the 12 month period following the Statement of Accounts balance sheet date of 31 March 2018.
- 1.3. The sustained period of Austerity since 2010 and resulting reductions to funding across Local Government now pose a significant threat to public sector organisations. As a consequence, the External Auditors, Grant Thornton LLP, are placing greater emphasis on the Authority’s ability to continue as a Going Concern. There have also been several high profile cases of Local Authorities struggling to meet their financial and service delivery obligations which makes the ability to continue as a Going Concern of greater relevance.

## **2. GOING CONCERN REVIEW**

- 2.1 This report will consider the following factors which underpin the Authority’s ability to operate as a going concern:
  - (a) The current financial position;
  - (b) The projected financial position;
  - (c) The balance sheet and Cash Flow;
  - (d) Governance Arrangements; and
  - (e) The regulatory and control environment.
- 2.2 Each of these elements will be considered in greater detail in the following sections.

## **3. THE CURRENT FINANCIAL POSITION**

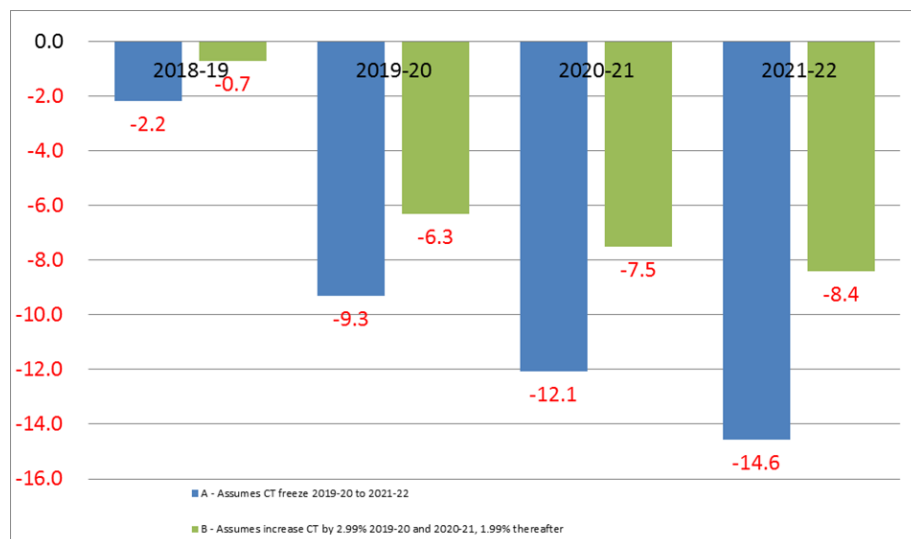
- 3.1 Total revenue spending in 2017-18 was £72.273m compared to an agreed budget of £72.596m, resulting in an underspend of £0.322m, equivalent to 0.44% of total budget.
- 3.2 The Authority has consistently delivered underspends against the Revenue Budget and has therefore built up Earmarked Reserves of £31.944m and General Reserves of £5.315m as at 31 March 2018. The strategy for use of those reserves and adequacy of the general fund is contained in the forthcoming paper on Reserves Strategy, to be considered by the Authority on 30 July 2018. The risk assessment of the general fund offers assurance that the Authority will be able to cover any unforeseen liabilities in the short to medium term.

- 3.3 The Authority has set a balanced budget for 2018-19 of £73.583m with £0.945m planned use of Reserves in respect of grants received in advance of need. At this early stage in the financial year forecasts suggest that spending will be within the agreed budget figure with no further depletion of Reserves to support revenue expenditure.
- 3.4 The Authority's main sources of funding are Council Tax and Business Rates income and central government grant funding. Levels of funding are agreed and set as part of the budget setting process which offers a guarantee that the income will be received for 2018-19. Any adjustments to Council Tax and Business Rates income are made via the collection fund budgeting process so will impact on future years.
- 3.5 Because there is surety of funding from billing authorities and central government the main area of risk to the short term financial position of the Authority is its ability to control expenditure. There are robust financial monitoring processes in place to review spend against budget.

**4. THE PROJECTED FINANCIAL POSITION**

*Revenue Budgets*

- 4.1 As outlined above, the predicted financial position for 2018-19 is for spend to be within the revenue budget. Expenditure from reserves is anticipated to be £6.717m within the financial year with projected balances of £17.848m by 2022.
- 4.2 In considering its annual budget requirement the Authority reviews the Medium Term Financial Plan. In February 2018, a potential funding gap of between £8.4 and £14.6m was identified as shown in the chart below. In order to close the funding gap, significant savings will need to be identified.



- 4.3 A Change and Improvement Plan is currently in development which will support changes to current ways of working and the way the Service is organised to deliver a sustainable future in terms of community and financial outcomes. £6.424m of funding has been earmarked as an Invest to Improve reserve to support the change activity and provide investment where necessary.

- 4.4 If improvement activity does not yield sufficient savings in the early years of the programme a budget smoothing reserve of £1.818m is available but can only be used once.

#### *Capital Budgets*

- 4.5 Capital Budgets are set annually by the Authority as part of the budget setting process and are published alongside an indicative programme for the following three financial years. Funding requirements are identified as part of that planning cycle and for 2018-19 consist of a Revenue Contribution of £2.384m, Application of Existing Borrowing of £1.911m and use of Earmarked Reserves of £2.818m.
- 4.6 In considering the Capital Programme over a longer time period, no further borrowing is anticipated for at least the next six years and a healthy earmarked reserve of £16.647m is available. There is sufficient funding to support capital expenditure in the medium to long term with flexibility to accelerate the programme if required.
- 4.7 The long term strategy of the Authority is to fully support the Capital programme through Revenue Contributions. This is achievable if the current contribution is enhanced to circa £6.5m per year; a further £1.1m of revenue contribution will need to be found (savings on debt servicing: Minimum Revenue Provision and Debt charges of £3.1m, current Revenue Contribution to Capital of £2.3m).

### **5. THE BALANCE SHEET AND CASH FLOW**

#### *Balance Sheet Review*

- 5.1. Elsewhere on the agenda are the Audited Financial Statements of the Authority which show a balance sheet deficit of £611.8m including a pension scheme deficit of £733.3m which must be included under accounting rules. Were the pension scheme deficit to be excluded, net assets of £121.5m would be reported, representing a small increase of £0.2m over 2016-17.
- 5.2. Useable reserves were £37.3m as at 31 March 2018, an increase of £1.9m over 2016-17.
- 5.3. In order to determine and reach the conclusion that the Balance Sheet is robust specific areas of consideration were identified and reviewed, which were:
- Debts owed to the Authority
  - Net worth of the Authority
  - Adequacy of provisions held
  - Reserves set aside – either earmarked or not and whether actually committed
  - The adequacy of the General Fund Balance to meet unforeseen expenditure.

#### *Cash Flow*

- 5.4. Financial Assets (excluding debtors) of the Authority were £37.5m as at 31 March 2018 and are held as a mixture of short and long term investments. Income from central government and billing authorities is received throughout the year which enables robust forecasting of cash flow.

- 5.5. Cash flow is reviewed by officers on a daily basis so any risks can be identified and mitigated. In 2017-18 there were no instances where the bank account was overdrawn. A continued healthy cash position is anticipated given the profile of revenue and reserves expenditure.

## **6. GOVERNANCE ARRANGEMENTS**

- 6.1 Elsewhere on this agenda is the Annual Statement of Assurance which makes up part of the suite of year end reporting. The Annual Statement of Assurance is reviewed taking account of external and internal audit reviews. Statements of assurance in the performance of internal controls and risk are sought from the management. The effectiveness of the Authority's governance arrangements are reviewed annually together with the evidence to support it and then presented to the Audit and Performance Review Committee.
- 6.2 Whilst it is not possible to secure absolute assurance the annual review of the statement and assurance reports received during the year offers evidence arrangements are fit for purpose and effective.

## **7. THE REGULATORY AND CONTROL ENVIRONMENT**

- 7.1 The Authority is required to operate within a highly legislated and controlled environment and particular emphasis of this can be exemplified and demonstrated with the financial controls in place. Examples of controls include the requirement of Full Authority to approve a balanced annual budget, but within that to consider and have regard via assurance from the Treasurer as to the robustness of the budget, its estimates and the adequacy of reserves held.
- 7.2 The control environment is supported by the role of External Audit in auditing of the financial statements, the review of value for money and financial resilience. Further detail on the control environment of the Authority is available in the Annual Statement of Assurance elsewhere on this agenda.

## **8. CONCLUSION**

- 8.1 The Authority operates within a robust control environment which can be evidenced by review of its assurance arrangements such as External and Internal Audit processes, neither of which have identified any significant issues in the past year.
- 8.2 In addition to backwards looking assurance, financial and operational monitoring processes are in place to mitigate risks within the financial year and are regularly reported to management and those charged with governance.
- 8.3 In reviewing the financial indicators contained within this report and planning assumptions regarding the Medium Term Financial Plan, Cash Flow and Reserves Strategy there is a high level of confidence that the Authority will be able to continue as a going concern for the foreseeable future.

**AMY WEBB**  
**Director of Finance**

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