



Wiltshire Fire & Rescue Service

Wiltshire and Swindon Fire Authority

Statement of Accounts



2009 - 2010

Your Safety: Our Priority



Wiltshire and Swindon Fire Authority

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Wiltshire and Swindon Fire Authority

Certificate for the Approval of the Statement of Accounts

I confirm that these accounts were approved by the Finance Review and Audit Committee held on 29 June 2010.

Signed on behalf of Wiltshire and Swindon Fire Authority.

Nick Martin

Chairman of the Finance Review and Audit Committee
September 2010



Wiltshire and Swindon Fire Authority

Explanatory Foreword

Introduction

Wiltshire and Swindon Fire Authority was formed on 1 April 1997 to provide a fire service for the geographical area of Wiltshire.

This booklet, produced by the Finance Director, contains the Statement of Accounts for the Fire Authority for the year ended 31 March 2010.

Publication of these accounts is required under the current Accounts and Audit Regulations and the Code of Practice on Local Authority Accounting, 2009, (the SORP), which specify the format and content of the accounts. The information contained in the Statement of Accounts is of a technical nature, and readers may find the glossary helpful in aiding an understanding of the terms used.

Changes in format and accounting policies

The format of the Statement is virtually unchanged from last year. However, there have been changes to some of the Notes to the Core Financial Statements. Notes on publicity and the Local Government (Goods and Services) Act 1970 are no longer required and have been omitted. A new Note setting out details of the remuneration of senior officers has been added, including comparative figures for 2008/09, in accordance with the Accounts and Audit Regulations 2009.

A new accounting policy has been adopted to bring into effect disclosure requirements regarding the Authority's share of Council Tax debtors and the Collection Fund balance, previously only shown in the accounts of the billing authorities. The comparative figures for 2008/09 have been re-stated to reflect this new policy, which was introduced in the 2009 SORP. The new policy is explained on page 15, and the effect of the prior year adjustment is set out in Note 1 to the Core Financial Statements.

A lease taken out in July 2009 has to be accounted for as a finance lease, so a new accounting policy following the requirements of the SORP has been adopted. This has no effect on prior years.

Material and unusual transactions

The Authority's land and buildings have been formally valued as at 1 April 2009. Last year, an impairment of £3.7million was recognised in the accounts, reducing the value of fixed assets in line with informal advice received from the property advisers as a result of the unprecedented market conditions. The formal valuation resulted in a further net impairment of £227,500 at the beginning of the year, to which capital expenditure on enhancements during 2009/10 has been added to arrive at the 31 March 2010 balance sheet value.

In previous years' Statements, a contingent liability has been recorded relating to a long-running Tribunal case regarding part-time firefighters' employment terms. The liability became more certain at the end of 2009/10, and a provision has been set up in the sum of £155,000 to cover the cost due up to 31 March 2010. This has been charged to the Income and Expenditure Account. A further contingent liability remains for the implications of the Tribunal decision on pension contributions, which are yet to be determined.



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Explanation of the Statements

The main purpose of the published Statement of Accounts is to provide electors, Council Taxpayers, Members of the Authority, employees, our partners and other interested parties with clear information about the Authority's finances. It should aim to provide answers to the following questions:-

- ◆ What did the Authority's services cost in the year?
- ◆ Where did the money come from?
- ◆ What are the Authority's assets and liabilities at the year end?

The main financial statements which make up the Authority's accounts are as follows:-

◆ **The Income and Expenditure Account**

This reports the net cost of all functions (operating performance) for which the Authority is responsible and demonstrates how that cost has been financed from government grants and income from taxpayers.

◆ **The Statement of Movement on the General Fund Balance (SMGFB)**

This reconciles the deficit on the Income and Expenditure Account to the General Reserve, taking into account the amounts to be included or excluded by statute and non-statutory proper practices when determining the latter. This is necessary because of the different requirements for items to be included in the Income and Expenditure Account and those required when determining the Authority's budget requirement and Council Tax demand.

◆ **The Statement of Total Recognised Gains and Losses (STRGL)**

This brings together all gains and losses (surpluses and deficits), as not all are reflected in the Income and Expenditure Account. For example, gains on revaluation of assets and pension actuarial gains and losses are excluded as they relate to asset and liability valuation changes rather than operating performance. The total on this Statement matches the change in the total net worth on the Balance Sheet.

◆ **The Balance Sheet**

This shows the Authority's balances, reserves and long term indebtedness, the net current assets employed in its operations, and summarised information on fixed assets.

◆ **The Cash Flow Statement**

This shows the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

Detailed **Notes** follow the Core Financial Statements. These provide much more analysis and information than the accounts themselves, and include a number of statutory disclosures under various Acts and Regulations.



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The **Firefighters' Pension Fund Account and Net Assets Statement** are shown after the Authority's accounts. The Pension Fund Account details the amounts received from contributors and made to pensioners and others, and transfers to or from other pension schemes. The net difference is an amount owed by central government, by way of a top-up grant. Further explanations are given in Notes to the Pension Fund Accounts.

General review of performance

We are one of the lowest costing fire authorities in the country -

Our budget was £24.5 million to run the Service, our cost being assessed on a national comparison of expenditure on the Fire and Rescue Service per head of population.

We are rated as one of the best Fire and Rescue Services for the delivery of our operational service -

This is based on a national comparison of our operational arrangements combined with our success in reducing the number of incidents we attend.

We are rated as "Performing Well" by the Audit Commission against our contribution to the Comprehensive Area Assessment -

We were particularly praised for the way we keep our local communities safe, and for our work with other agencies, such as local councils, the police and the health service.

We retained our "Charter Mark" standard for the fifth consecutive year -

The Charter Mark assesses how well we deliver our service to the community and treat our customers. The Cabinet Office run the scheme and has commended as notable practice our work with partners and our Safe Drive Stay Alive Roadshow.

We reduced the number of emergency calls we attended -

2008/09		2009/10		Reduction
No		No		%
2,162	Fires	1,994		7.8
668	Road traffic collisions	569		14.8
348	Flooding incidents	180		48.3

We achieved an increase in Co-responder calls and Home Fire Safety Checks -

2008/09		2009/10		Increase
No		No		%
726	Co-responder calls	1,175		61.8
4,266	Home Fire Safety Checks	5,025		17.8

On Co-responder calls, firefighters support the ambulance service by attending medical emergencies ahead of an ambulance crew arriving. Life saving emergency first aid is provided in rural communities remote from ambulance stations.



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For Home Fire Safety Checks, fire service staff visit people's homes and offer advice on how they can make them safer. Many of these visits were carried out in partnership with other agencies, such as the Bobby Van Trust.

We have upgraded and refurbished many of our fire stations -

Stations are more accessible to visitors and the disabled and can be used by other organisations within the community.

We have improved how we demonstrate our commitment to equality and diversity -

We have achieved Level 2 of the Equality Standard for Local Government.

We have introduced a dedicated Rural Safety section -

This section co-ordinates incidents involving animals and is responsible for visiting farms to offer safety advice and to help gather risk information that would assist us in an emergency.

Purpose of the Statement

The Statement of Accounts for 2009/10 is intended to give the reader a useful insight into the finances of the Authority. Prior to 1 April 2004, funding came from two levies from the constituent authorities, Wiltshire County Council and Swindon Borough Council. On that date, the Authority became a precepting body in its own right, receiving government grant and setting its own Council Tax.

Revenue spending

The Fire Authority approved its 2009/10 Revenue Budget of £24,468,700 in February 2009. The final outturn spending was £24,429,353 against the approved budget, resulting in an overall underspending of £39,347, or 0.16% of the net revenue budget for the year.

There were many variations from the budget within the overall revenue underspend. Major differences (over £50,000) are described below.

- ◆ Payments to retained firefighters are dependent on unpredictable levels of activity which are inconsistent from year to year. Active management during 2009/10 reduced the predicted overspending on pay to £74,000, while the provision referred to above (£155,000) and payments for loss of earnings due to injury on duty (£101,000) increased costs further over budget expectations.
- ◆ Wholetime vacancies and the move to the new Firefighters' Pension Scheme contributed to an underspending on pension costs of £97,000.
- ◆ Transport costs increased by £72,000, but there was a saving on radio contracts of £64,000.
- ◆ As the cost of leasing has increased over the last few years, a decision was made to purchase large vehicles rather than lease them. This resulted in leasing costs in the revenue budget being £87,000 less than anticipated, although this saving will be offset by the cost of capital financing in future years.



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- ◆ Income continued to be received for special projects and secondments to Central Government and the South West Region, but much of this matched expenditure on salaries and other budgets. There was also additional income on rents and contributions towards co-responding costs, while investment interest was substantially reduced due to market conditions. Overall, income exceeded the budget by £105,000.

Reconciliation of revenue spending to the Income and Expenditure Account

As a result of accounting requirements, the Income and Expenditure Account shows a deficit of £7,376,861 for 2009/10. This includes the net cost of providing all the functions of the Authority and summarises all the resources that the Authority has generated, consumed or set aside in providing services during the year. The deficit does not necessarily mean that immediate action is required to cut expenditure or raise Council Tax. The Statement of the Movement on the General Fund Balance reconciles this deficit to the General Reserve, after allowing for those additional items required by statute or proper practices to be charged or credited to the General Reserve.

The Income and Expenditure Account can only be compared to the Revenue Budget in so far as the net operating expenditure is adjusted for items which are required to be included in the accounts so as to comply with United Kingdom Generally Accepted Accounting Practice (UK GAAP), as shown in the following table.

2008/09 £		2009/10 £
	Income & Expenditure Account	
28,556,049	Net Cost of Services	24,867,044
6,571,893	Other Corporate Income & Expenditure	6,989,815
35,127,942	Net Operating Expenditure	31,856,859
-3,585,994	Less - Adjustments for Capital Financing and Impairment	-527,279
-9,942,000	Less - Pensions based on FRS17	-9,141,000
2,285,878	Add - Pensions charged in year	2,324,300
23,885,826	Adjusted Net Operating Expenditure	24,512,880
-470,338	Transfers from Reserves	-83,527
23,415,488	Revenue Outturn Position	24,429,353
23,518,100	Approved Budget	24,468,700
-102,612	Overall underspending	-39,347



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Capital spending

On 1 April 2004, the Prudential Code for Capital Finance in Local Authorities came into force. In accordance with this Code, the Authority is permitted to spend on capital projects at a level that is affordable, prudent and sustainable, as demonstrated by the use of indicators devised by the Chartered Institute of Public Finance and Accountancy.

The Capital Programme for 2009/10 was approved by the Authority in February 2009 at £2,116,500 plus slippage from previous years, resulting in a total budget of £2,209,000. In December 2009, this was revised to £3,252,600 allowing for changes and delays to some projects and the decision to buy rather than lease larger vehicles.

Capital expenditure undertaken during the year is shown in Note 5 to the Core Financial Statements and totals £4,006,778. This comprises £3,063,456 representing 94% of the revised capital programme, plus an equipment asset purchased through the revenue account (£15,680) and vehicles acquired by way of a finance lease (£927,642). Sums of £106,000 for ICT projects, £149,000 for vehicles and equipment and £10,000 for works to drill towers are required to be carried forward into 2010/11 to complete projects already started.

Further information

Readers may wish to take advantage of other publications which cover the Authority's budgeting, performance and operational activity. These are available on the Service's website www.wiltsfire.gov.uk. If you do not have access to the internet and would like a copy of any of these documents please contact Wiltshire and Swindon Fire Authority, Fire & Rescue Service Headquarters, Manor House, Potterne, Devizes, SN10 5PP.

Phil Chow

Finance Director



Wiltshire and Swindon Fire Authority

Statement of Accounting Policies

1 General principles

The general principles adopted in compiling the accounts of the Fire Authority are in accordance with the recommendations of The Chartered Institute of Public Finance and Accountancy (CIPFA). They accord with CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2009, which, as a Statement of Recommended Practice (SORP), constitutes a 'proper accounting practice' under Section 21(2) of the Local Government Act, 2003.

They also accord with notes issued on the application of accounting standards (SSAPs) and Financial Reporting Standards (FRSs). All are maintained on an historic cost basis, except where fixed assets are revalued. Any significant non-compliance is disclosed in the notes that follow.

2 Tangible fixed assets

The Fire Authority's tangible assets are classed as operational assets and are shown in the Balance Sheet at the lower of net current replacement cost or net realisable value based on existing use. Assets declared surplus are transferred to non-operational assets until sold. They are revalued to market value at the date of transfer.

In line with FRS 15 all assets are depreciated on a straight line basis over the length of their useful lives. The residual value of buildings is supplied by the Authority's property advisers during the valuation process. The residual value of vehicles is calculated by a formula advised by the Authority's Fleet Engineer.

The estimated useful lives of assets vary in length, according to the class of asset, as follows:

Buildings	60 years
Red fleet	12 or 15 years
Light vehicles	5 or 7 years
Equipment	3 to 25 years

Where experience has shown that particular assets should last for a longer or shorter period than given in the above guidelines, other estimated lives may be used. For new purchases of equipment advice on length of life is given by officers in the ICT or Logistics departments.

It has been the Authority's policy to revalue assets of the same class every five years. A full valuation of land and buildings was carried out at March 2007. As part of the preparation to move to International Financial Reporting Standards from 2010/11, a full valuation was undertaken as at 1 April 2009. The results of this valuation have been included in the 2009-10 Accounts.



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From 1 April 2007, increases in valuations are matched by credits in the Revaluation Reserve to recognise unrealised gains. Gains arising before that date were consolidated into the Capital Adjustment Account. Gains on individual assets have been credited to the Income and Expenditure Account in cases where they reverse an impairment loss previously charged there. Losses on revaluation are treated in the same way as impairment losses due to a general fall in prices (see below).

Any capital expenditure on the enhancement of fixed assets in the year is added to the Balance Sheet value of the relevant asset, with the depreciation charge to revenue adjusted to take account of the enhanced value. Where such expenditure is significant, the asset value may be reassessed before the planned five-year interval, but after the completion of the capital project. This policy was changed in 2007/08, consequent on the abolition of the Fixed Asset Restatement Account on 1 April 2007. In previous years, much capital expenditure was written off to that Account in the year in which it was incurred.

3 Intangible fixed assets

Expenditure on assets that do not have physical substance, but which are identifiable and controlled by the Fire Authority, such as software licences, is capitalised and recognised as intangible fixed assets. These are amortised to revenue on a straight line basis over their expected useful lives, as advised by the ICT Director.

4 Impairment

The values of each category of assets are reviewed at the end of each year for evidence of reductions in value, known as 'impairment'. If such a reduction is due to the clear consumption of economic benefits, then the loss is charged to the revenue account. If it is due to a general fall in prices, then it is written off against any revaluation gains for that asset held in the Revaluation Reserve, with any excess charged to the revenue account. Charges to the revenue account are matched by a transfer to the Capital Adjustment Account in the Statement of Movement on the General Fund Balance.

5 Disposals of fixed assets

When an asset is declared surplus to operational requirements, it is revalued to a current market value. Once sold, its sale price is compared to this value and a gain or loss recognised, as the SORP prohibits revaluations at the point of disposal. A category of 'surplus assets' is shown in the Note on Valuation of Assets to record assets not yet sold.

Sale proceeds over £10,000 are classified as capital receipts, and are taken to the Usable Capital Receipts Reserve via the Statement of Movement on the General Fund Balance.



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Statement of Accounting Policies

The written off value of disposals is not a charge against Council Tax, so amounts are appropriated to the Capital Adjustment Account via the Statement of Movement on the General Fund Balance. Revaluation gains related to the asset are also transferred from the Revaluation Reserve to the Capital Adjustment Account.

6 Charges to revenue for fixed assets

The revenue account is charged annually with a provision for depreciation of tangible fixed assets used during the year, impairment and revaluation losses as described above, and a charge for the amortisation of intangible fixed assets.

Where grants and contributions are received and applied to finance capital expenditure on assets with a finite life, the amounts are credited to the Capital Grants Deferred Account and then written down to the revenue account to offset the depreciation charges made on those assets.

The Fire Authority is not required to raise Council Tax for these net charges, but it must make an annual provision from revenue to contribute to the reduction in the overall borrowing requirement (the Minimum Revenue Provision), equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Transfers are made between the Statement of Movement on the General Fund Balance and the Capital Adjustment Account to produce this required effect.

7 Debtors and creditors

The accounts for the Fire Authority are maintained on an income and expenditure basis. Where actual amounts are not known at the end of April, estimated amounts have been included. Periodic payments and receipts are mainly recorded on a cash basis, and have not been accrued. This policy will be applied consistently each year and therefore will not have a material effect on the accounts.

8 Stocks

Stocks are generally valued at the lower of actual cost or net realisable value, which accords with the requirements of the Code of Practice. An average or standard cost is applied to calculate the value.

9 Provisions

A provision relates to a liability, or loss, that is likely to be incurred but where there is uncertainty as to the size and timing of the liability. Its purpose must be specific and it is charged to the revenue account where the expenditure would have been incurred. If it becomes clear that a provision, or part of it, is no longer required, then the excess amount is transferred back to the revenue account.



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Statement of Accounting Policies

10 Pensions

The Firefighters' Pension Scheme is a defined benefit, unfunded scheme. Funding arrangements for the scheme changed with effect from 1 April 2006, requiring the Authority to pay employer's contributions to the scheme. These are charged to the Statement of Movement on the General Fund Balance and credited to the Authority's Pension Fund. Payments made to pensioners are charged directly to the Pension Fund, and contributions from employees are credited there. Any shortfall or surplus in the Pension Fund will be met by or paid to central government.

In 1997/98 a provision was established to partly meet the retirement costs of wholetime firefighters who became eligible to leave during that year. This provision was transferred to an earmarked general reserve during 2005/06. Due to the changes to the Firefighters' Pension Scheme, the reserve is still held, but to meet the costs of ill-health retirements and injury compensation payments, which must be paid locally (see Note 16 (J) to the Core Financial Statements).

Non-uniformed staff are eligible for membership of the Wiltshire Pension Fund administered by the former Wiltshire County Council, now Wiltshire Council. The accounts of this Fund are included in Wiltshire County Council's Statement of Accounts.

The pension costs that are charged to the Fire Authority's accounts in respect of its employees are equal to the employer's contributions paid to the funded pension scheme for these employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. These costs have been determined on the basis of contribution rates that are set to meet 100% of the liabilities of the Pension Fund, in accordance with relevant Government Regulations.

The SORP requires full compliance with the requirements of FRS 17 "Retirement Benefits". The adjustments necessary to comply with the requirements of FRS 17 have been made to the Income and Expenditure Account, The Statement of Movement on the General Fund Balance and the Balance Sheet.

11 Foreign currency transactions

Foreign currency transactions are accounted for on the basis of the equivalent sterling value of the underlying transaction, by applying the relevant exchange rate ruling at the time.



Wiltshire and Swindon Fire Authority

Statement of Accounting Policies

12 Redemption of debt

The Authority's borrowing limit for capital purposes is based on the cumulative amount of capital expenditure it has incurred. To 2006/07, this was set at the level of the Government's Supported Capital Expenditure allocation. From 2007/08, the capital programme and borrowing limit have been set taking account of the affordability of the effect on the revenue account.

The borrowing limit increases each year by the amount of that year's capital expenditure and reduces by the minimum revenue provision, and other methods of financing.

13 Financial liabilities

Financial liabilities (long-term loans) are initially measured at fair value and carried at their amortised cost. Annual charges to revenue for interest payable are based on the carrying amount multiplied by the effective rate of interest.

The Fire Authority has borrowed only from the Public Works Loan Board (PWLB). As they do not have significant transaction costs or complicated interest structures, all PWLB loans are recognised in the Balance Sheet at the principal amount when the loan is taken out. Amortised cost is the outstanding principal, whether the repayment is by maturity, annuity or equal instalments of principal.

Interest costs are charged to the Income and Expenditure Account. If accrued, interest is added to the value of the loan in the Balance Sheet. Loans repayable within a year, together with any accrued interest, are shown under current liabilities.

14 Leasing

Operating leases are used by the Authority to acquire some vehicles and equipment as an alternative to borrowing. Annual leasing costs are charged directly to the revenue account.

It has been the Authority's policy not to use finance leases. However, one lease taken out during 2009/10 failed the present value test set out in IAS 17, whereby the present value of the minimum lease payments amounts to at least substantially all of the fair value of the assets. This lease therefore has to be treated as a finance lease.

Vehicles held under finance leases are included as fixed assets in the balance sheet and depreciated in the same manner as other assets, except that the lease term is used when this is shorter than the expected life of the asset. The assets are matched by a long term liability to pay future rentals. The annual rental is divided into a reduction of that liability and a financing charge, which is included in the Income and Expenditure Account below the net cost of services.



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Statement of Accounting Policies

As the expenditure on the assets increases the Capital Financing Requirement, this is written down each year by a sum equal to the reduction in the liability. This is charged to the Statement of Movement in the General Fund Balance, such that the total charge to the General Fund for the year is the same as for an operating lease.

15 Financial assets

The Authority invests its working cash balances in the short term money market. These investments are classified as 'loans and receivables' under definitions effective from 1 April 2007, being assets that have fixed or determinable payments but are not quoted in an active market. They are initially measured at fair value and carried at amortised cost. For the investments which the Fire Authority has, this means that the amount in the Balance Sheet is the outstanding principal, including interest accrued at the balance sheet date. The interest credited to the Income and Expenditure Account is the amount due under the terms of the investment.

16 Total cost of services and treatment of overheads

The net cost of services in the Income and Expenditure Account includes the net total cost of all services, as defined in the Best Value Accounting Code of Practice 2008, non-distributed costs and the costs of the Corporate and Democratic Core. Net total cost includes all expenditure and income directly attributable to the service, including depreciation charges and impairment losses, and the costs of support services and other overheads, which are fully allocated to service divisions.

17 Reserves

On 1 April 2004, the Fire Authority became a precepting authority and as such is able to hold reserves to guard against unforeseen and therefore unbudgeted expenditure. Details of the reserves which the Authority maintains can be found in Note 16 to the Core Financial Statements.

When expenditure to be financed from a reserve is incurred, it is charged to the net cost of services in the Income and Expenditure Account. A transfer is then made from the reserve to the Statement of Movement on the General Fund Balance so that there is no net charge to the Council Tax for that expenditure.

Some reserves are kept to manage the accounting processes for fixed assets and retirement benefits. These do not represent usable resources for the Authority.



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Statement of Accounting Policies

18 Government Grants and Contributions

Government grants and third party contributions are recognised as income at the date the Authority satisfies the conditions of entitlement and the expenditure for which the grant has been given has been incurred. Grants to cover general expenditure are credited to the Income and Expenditure Account after Net Operating Expenditure.

19 Council Tax

Under statute, the Authority issues a precept to Wiltshire Council and Swindon Borough Council (the billing authorities), which collect Council Tax on the Authority's behalf and pay it into a Collection Fund. The precept is received in instalments during the year, adjusted for a share of the estimated surplus or deficit on the Collection Fund.

Up to 2008/09, the SORP required the Council Tax income shown in the Income and Expenditure Account to be the amount paid from the Collection Fund. From 2009/10, the amount is the accrued income for the year. The difference between the two sums is taken to a Collection Fund Adjustment Account and included as a reconciling item in the Statement of Movement on the General Fund Balance.

As the collection of Council Tax is now seen as an agency arrangement, the cash collected belongs proportionately to the billing authorities, the Fire Authority and other preceptors. A debtor or creditor is therefore recognised between the billing authorities and the Authority.

The change in the accounting for Council Tax income has been effected in the Accounts by a prior period adjustment. The figures used have been supplied by the billing authorities.



Wiltshire and Swindon Fire Authority

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required:

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

The Finance Director's Responsibilities

The Finance Director is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices, as set out in the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

In preparing this Statement of Accounts, the Finance Director has:

- ◆ selected suitable accounting policies and applied them consistently;
- ◆ made judgements and estimates that were reasonable and prudent; and
- ◆ complied with the Code.

The Finance Director has also:

- ◆ kept proper accounting records which were up to date; and
- ◆ taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Finance Director is required to sign and date the Statement of Accounts, stating that it gives a true and fair view of the financial position of the Authority at the accounting date, and its income and expenditure for the year ended 31 March 2010.

Phil Chow

Finance Director



Wiltshire and Swindon Fire Authority

Annual Governance Statement

Scope of Responsibility

The functions and responsibilities of Fire and Rescue Authorities are set out in the Fire and Rescue Services Act 2004 which came into effect on 1 October 2004.

Under this Act, every Fire and Rescue Authority must make provision for:-

- ◆ Promoting fire safety;
- ◆ Extinguishing fires;
- ◆ Protecting life and property in the event of fires;
- ◆ Rescuing people from road traffic collisions; and
- ◆ Protecting people from serious harm in the event of road traffic collisions.

Wiltshire and Swindon Fire Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Wiltshire and Swindon Fire Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Wiltshire and Swindon Fire Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

Wiltshire and Swindon Fire Authority revised its local code of corporate governance in 2008/09, to achieve consistency with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. This is available on our website at www.wiltsfire.gov.uk or can be obtained from the Finance Director, Wiltshire Fire and Rescue Service, Manor House, Potterne, Devizes, Wiltshire, SN10 5PP. This statement explains how Wiltshire and Swindon Fire Authority has complied with the requirements of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and also meets the requirements of Regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

The Governance Framework comprises the systems, processes and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It 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.



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Annual Governance Statement

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Wiltshire and Swindon Fire 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 and economically.

The governance framework has been in place in the Wiltshire and Swindon Fire Authority for the year ended 31 March 2010 and up to approval of the annual report and Statement of Accounts.

The Governance Framework

The Governance Framework describes the key elements of the system and processes that comprise the Authority's governance arrangements including the arrangements for:-

The Authority

2009/10 saw the end of the previous 'Business Plan 2006-10...Bringing It All Together' and the start of the new Strategic Plan 2010-2013 incorporating the Authority's Integrated Risk Management Plan (IRMP) and the Corporate Plan, which is available on our website, identifying the key aims and objectives for improvement and overriding vision of the Authority. It is reviewed annually by officers and reported to Members for their approval. Taking account of changing national, regional and local priorities, outputs and outcomes for citizens and service users are established, and after consultation, are published.

Performance Management

In 2009 the Audit Commission rated the Service as "Performing Well". They said that "The Authority delivers value for money adequately and it manages its performance well." We were particularly praised for the way we keep our local communities safe, and for how we work with other agencies, such as local councils, the police and the health service.

We monitor our performance against a range of national and local performance indicators and set ourselves challenging delivery targets. The Service has an executive team, which is called the Management Board and its members monitor performance at their regular meetings. Our elected Members also attend regular meetings with Senior Managers where departmental performance is considered with Members reporting back to their Programme and Scrutiny Board.



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Processes are in place to enable information on costs and performance to be collected and reviewed. Further work has been undertaken in 2009/10 to review the coding structure which will be amended during 2010/11, moving to a more 'cost centre' based approach in 2011/12, which will assist and enable better management information to link in financial data with performance monitoring.

Shared local intelligence is being used to target community safety provision for hard to reach groups. Partnerships continue to be used more effectively to improve capacity and these are being evaluated to ensure they help meet the aims of the Authority.

The Authority has clear information on its costs and how these compare to others, and recognises where it needs to improve outcomes in order to provide further value for money.

Roles & Responsibilities

The 'Members' Handbook' contains details of the main roles and responsibilities of the Fire Authority, its Committees, its Members, the statutory officers, and other members of staff. It is constantly being reviewed and updated, and includes Schemes of Delegation, Financial Regulations, Contract Standing Orders and Codes of Conduct.

The 'Staff Handbook' consists of numerous 'Service Orders' which give clear guidance and policy on a wide range of aspects and operations of the workforce, e.g. employee codes of conduct, confidentiality policy etc. Again, many have been and will continue to be reviewed, consulted upon and communicated in the coming year, as part of the planned review process.

Risk Management

The Authority adopted a formal Risk Management Strategy in December 2005 which sets out how the organisation will manage risk in order to ensure that it achieves its aims and objectives.

The Authority has a developed Strategic Risk Register and risk management framework. Key risks identified have been assigned to responsible officers who are charged with developing appropriate action plans to manage the risk. The Strategic Risk Register and the Fire Authority's risk management arrangements are reviewed by the Risk Management Group (within Delivery Management Team(DMT)), and through Management Board (MB) reported to the Programme and Scrutiny Board, who have designated responsibility for Risk Management in the Authority. Departmental risk registers are reviewed monthly, linking in with service plans and strategies. Each year the risk management arrangements are audited internally, as part of the internal audit programme, and reported to the Finance Review and Audit Committee.



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The Authority also takes part in the National Fraud Initiative review undertaken by central government, and has set procedures in place for dealing with any highlighted data matches identified by this process.

Communication/Consultation

The Communications Strategy was revised and updated, following the appointment of the Communications and Media Manager in 2008/09, and an action plan established. A staff benchmarking survey was undertaken towards the latter part of 2008/09 to establish the impact of the actions taken, the results of which were published in 2009/10, and a number of actions have been taken and identified to address some of the issues raised, many of which have been incorporated in the development of the Corporate Plan and IRMP (Strategic Plan 2010-13).

Significant investment was made encouraging open consultation and engagement with our communities and stakeholders, the results of which will be considered in delivering the services and outcomes for our users and employees.

Internal communications have remained a focus over the past year, with the continued growth of the monthly Service magazine (QM) - there have also been a number of special Weekly Bulletins to cover areas of particular importance, backed up as necessary by face-to-face briefings by senior management. The quarterly newsletter for partners is now established and well-regarded by those who receive it. Plans are underway to redesign the website, and the use of social media is being explored.

There is a complaints procedure in place, and a process for dealing with and investigating complaints, endorsed with the introduction of the Service's Customer Charter. The Authority also has a confidential helpline, communicated and accessible to all staff, to discuss and receive advice on matters which they consider may be of a serious nature (Whistleblowing Policy).

Legal & Regulatory

There are effective audit arrangements, both internal and external audit, to ensure compliance with our internal policies and procedures (e.g. Financial Regulations and Contract Standing Orders), statutes and regulations. Appropriate skilled and competent staff are continually developed, keeping abreast of legal and regulatory changes, through attendance at national, regional and local conferences, seminars and workshops, Continued Professional Development (CPD) and specific training events. Working closely in partnerships with neighbouring local authorities, as well as other Fire and Rescue Services in networking opportunities, also gives us assurance that we are in compliance with our legal and statutory responsibilities.



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Partnerships

A partnership working framework detailing governance arrangements has been drafted, and an outline of all partnerships prepared. Although the authority has a long and successful history of partnership working, it is recognised that more robust governance arrangements are increasingly required. Community Safety, Co-Responder, Salamander and Safe Drive Stay Alive projects, have proved very successful working partnerships with the community, local authorities, other emergency services and the voluntary sector.

The Tri-Service arrangement with the Police and Ambulance services for the handling of 999 calls is a well established partnership arrangement, and is an example of joint working for the benefit of the communities and offering excellent value for money for the taxpayer.

Members' Assurance and Scrutiny

The Programme and Scrutiny Board has responsibility for ensuring that the Authority's services, strategies, policies, plans and resources are subjected to effective scrutiny and overview, and to make recommendations to the Authority for the future delivery of the service.

The work in this area continues to be developed. The Chair of the Programme and Scrutiny Board, the Chief Fire Officer & Chief Executive and the Deputy Chief Fire Officer drafted a programme of work and reviews for the Board to consider, through Task and Finish Groups to undertake within the year, the results of which have been presented to the Board and the Fire Authority.

The Finance Review and Audit Committee considers reviews undertaken of the Authority's internal control function, and matters raised by the internal and external auditors. The Committee also has responsibility for the Treasury Management Policy Statement and Practices and the Annual Investment Strategy.

Review of Effectiveness

Wiltshire and Swindon Fire Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Directors and Principal Officers within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.



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Annual Governance Statement

The key areas of the governance arrangements include:-

The Authority

The Governance Framework requires an internal review of the effectiveness of the governance arrangements within the Authority, and a part of this review has been carried out by Internal Audit as part of the audit programme for 2009/10. The results of the review and associated action plan will be reported to senior management in due course. The Management Board will continue to periodically review progress on the implementation of the action plan arising from the review, and the Finance Review and Audit Committee will be updated on progress throughout the year.

This Annual Governance Statement contains a summary of the findings of the annual review.

Management Board (i.e. the Executive)

The Authority's Principal Officers and Service Directors, as the Management Board, is responsible for the running and delivery of the service. The Board is now fully established, after significant changes in the last two years. Following an independent review an additional Principal Officer post was added in 2008/09, and following the promotion to another service of the Deputy Chief Fire Officer prior to the start of 2009/10, an extensive review and recruitment process was completed with all vacant Principal Officers posts now substantively filled.

The Management Board have monthly meetings scheduled throughout the year and where necessary, extraordinary or urgent meetings are held. Clear messages emanating from Management Board are communicated through a variety of channels, e.g. the weekly bulletin, special bulletins, 'QM' (the monthly service newsletter) and Delivery Management Team (DMT).

Each Principal Officer and Director, as well as other key senior officers, are required to complete and certify a statement to demonstrate whether they have any concerns with the system of internal control within their area of responsibility. Any significant concerns or weaknesses are separately identified and reported below.

The Audit /Scrutiny/Risk Management Committees

The Finance Review and Audit Committee hold the role of audit committee, and the Programme and Scrutiny Board has responsibility for risk management. While both fulfil the scrutiny role, the Programme and Scrutiny Board, as the name suggests, has a specific scrutiny function. Each meet quarterly with defined terms of reference as approved by Members. A series of scrutiny reviews, through Task and Finish Groups are agreed and planned for the coming year.



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The Standards Committee

The Standards Committee meets on an ad hoc basis as and when issues need to be debated.

During 2009/10 the Standards Committee met on occasion:-

- ◆ to establish and consider the current officer codes and protocols, with a timetable for review. Two codes were reviewed in the year by the Committee, namely the Confidential Reporting Procedure (whistleblowing) and the code on Gifts and Hospitality;
- ◆ to receive and approve the annual report for presentation to the Fire Authority and also to consider procedures and documentation which the Committee was required to put in place to fulfil the roles under the Revised Standards Regime; and,
- ◆ to consider and respond to the consultation document issued by the Department for Communities and Local Government (DCLG) on codes of conduct for members and local government employees.

The Standards Committee is always represented at the Standards Board for England Annual Assembly, and its independent members also sit on the Wiltshire & Berkshire Lay Members Forum. In 2009/10 the committee sought an increase of an additional lay member to enable the requirements under the changing legislation in respect of Standards Committees to be met.

Internal Audit

The Authority has a contract with Swindon Borough Council for the provision of internal audit services up to 31 March 2010. The auditors reviewed the internal control framework which governs the operations of the Service through the audit plan approved by the members in March 2010, and provide an independent and objective opinion, to both management and Members of the Authority, on the robustness of the control environment of the Service. This will culminate in an overall opinion in the annual report to the Finance Review and Audit Committee in June 2010.

It is a requirement of the CIPFA Code of Practice for Internal Audit 2003 that Internal Audit provide an 'Audit Opinion' for each service audited. The audit opinion should reflect the risk identified and recommendations made.



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At the time of writing, the Internal Auditor's overall 'Audit Opinion' based on the work undertaken to 31 March 2010 was 'Satisfactory'. [This may change dependent on the finalisation of the audits from 2009/10]. The Auditors have been assessed for compliance against the CIPFA Code of Practice, and managers have been very receptive to the recommendations resulting from the work of internal audit, as evidenced by the customer feedback surveys returned on completion of the audits.

Swindon Borough Council's Internal Audit team works to defined professional standards, particularly those promulgated by CIPFA in its Code of Practice for Internal Audit in Local Government. The Internal Audit Plan and Strategy is prepared on the basis of a formal risk assessment, and was referred to the Audit Committee for their approval in March 2009. The forthcoming Audit Plan and Strategy for 2010/11 was presented to the Finance Review and Audit Committee for formal approval in March 2010. The Finance Director acts as the client officer for the internal audit service. The Internal Auditor reports directly to the Fire Authority's Finance Review and Audit Committee on both the proposed plan and the main outcomes of audit work.

External Audit

The Audit Commission's appointed external auditors are KPMG who undertake the external audit service on their behalf, starting with the audit of the 2009/10 interim audit and final accounts audit.

The external auditor places reliance on some of the work of Internal Audit, and the Audit Commission have, in their Annual Audit and Inspection Letter (AAIL), over a number of years, been complimentary about the systems of financial control in operation. Similarly, the external auditor reports his/her plans and delivers his/her Annual Report to the Authority.

The AAIL in 2009/10 was replaced with two reports; one covering the overall 'Comprehensive Area Assessment (CAA) - Organisational Assessment' reported to the Full Authority in December 2009, and the second providing an assessment of our 'Use of Resources' and 'Financial Statements 2008/09', under the 'Annual Audit Letter 2008/09' reported to the Finance Review and Audit Committee in January 2010.

In summary, the Organisational Assessment reported:-

"Overall, Wiltshire and Swindon Fire Authority performs well. The Authority delivers value for money adequately. It manages its performance well."



Wiltshire and Swindon Fire Authority

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The Authority understands the fire risks in the area and takes account of the views of local people. It works effectively with councils, the police and the health service and is making a full contribution to making Wiltshire and Swindon safer and stronger. It has made good progress on the priorities set in the Fire and Rescue National Framework and on its own strategic aims.

The Service is good at keeping people in Wiltshire and Swindon safe. It gets to fires and traffic collisions promptly. It promotes fire safety well to homes and businesses, and the number of fires continues to fall, although casualties increased last year.

It works closely with other agencies at local level to identify vulnerable people and provide safety advice. It is active in making roads safer, for example by showing young people the impact of bad driving. The Service is well equipped, and trains its firefighters sufficiently for health and safety and operational matters.

The Service is prepared for major emergencies. It plays an active part in the Wiltshire and Swindon Local Resilience Forum, and has tested plans to respond to major incidents. It responded well to recent problems such as heavy snow and swine flu.

Leadership of the Authority and Service has improved, with important changes carried through. Councillors are more effectively involved, and this has continued despite the change of membership at the June election. The Service has made progress in managing staff, but has more to do to give staff full confidence in leaders. Individual performance reviews are only just starting to be useful, and computing problems hamper communication. The service now does more to promote equality and diversity, but some cultural barriers remain.

The way the service uses resources is adequate. It manages its finances well and has a good understanding of its costs. It produces relevant and reliable information to support decision making and manage performance, but it needs to do more to understand its future staffing needs.

Wiltshire & Swindon Fire Authority performs well overall. It manages its resources adequately, but it is successfully achieving priorities important to the communities that it serves which means we have given special emphasis to this part of the organisational assessment."

The External Audit key messages brought to the attention of the Authority in relation to the 'Use of Resources' and Financial Statements', were:-



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"Our use of resources assessment, the first under the Audit Commission's new UoR regime, demonstrated that the Authority has performed adequately and has been assessed as a level 2 against these themes. The Authority has got sound processes in place and is achieving positive outcomes in managing finances which it scored level 3. The remaining two themes (governing the business and managing resources) have been assessed as level 2 scores.

We identified no issues in the course of the financial statements audit that are considered to be material and we issued unqualified audit opinions on the Authority's financial statements and on its arrangements for securing value for money in 2008/09."

In response to the External Auditor's report the Authority will:-

- ◆ take effective measures to address the areas for improvement highlighted in the Audit Commission's 2009 CAA report;
- ◆ continue work to transform approved policies, strategies and processes in achievements, maintaining a clear focus on delivering high performance in priority areas;
- ◆ continue work to fully integrate budget and service planning processes and ensure that medium and long term plans secure sustained improvement;
- ◆ continue work to develop and implement a comprehensive training and development programme for Members to ensure effective leadership, challenge and accountability;
- ◆ continue to demonstrate clear ongoing commitment from senior management and Members to deliver improvement on Equality and Diversity issues;
- ◆ review efficiency targets and monitor to ensure achieved;
- ◆ continue to improve corporate health performance indicators, in particular sickness absence; and
- ◆ continue to develop and monitor progress in assessing and improving the Authority's performance.



Wiltshire and Swindon Fire Authority

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Significant Governance Issues

The Authority has assessed its systems and procedures and in the vast majority of cases robust arrangements are in place. A number of areas where improvements are required have been identified through the regular review of governance arrangements and an action plan is recommended for addressing these. Areas for improvement include:-

Information Communication Technology (ICT)

The Authority has policies and codes of practice in place concerning ICT security, data protection, freedom of information and information management. However although much work has been undertaken in updating these to reflect current legislation and organisational structure, these now need to become embedded.

Partnerships

The Service is being restructured to create a dedicated 'Partnerships and Community Safety Department'. A key role is to implement the recommendations of the internal audit on partnership undertaken in 2009. This will also include ensuring that it has agreements in place which clearly demonstrate:-

- ◆ the Authority's and the partners' commitments and responsibilities;
- ◆ the financial and funding status of the partnership;
- ◆ the performance and risk management arrangements; and
- ◆ details of the remedies that will be available in the event of failure by any party to the agreement.

Partnerships will be key tools in providing services to the communities of Wiltshire and Swindon and the governance arrangements are fundamental to the operation of such partnerships especially in light of the newly formed unitary authority covering Wiltshire and the creation of Community Area Boards and Community Area Partnerships.

Performance Management and the Planning Framework

Performance Management has significantly improved in the last two years, especially with the introduction of personal development reviews across the whole service, however there is still room for further improvement, and the Authority recognises that more work has to be done if it is to continue to evidence and support effective decision making, improved outcomes and value for money.

The performance and planning framework should be updated to specify where performance indicators (PIs) and progress against service plans should be reported (e.g. at which boards, management meetings etc.) and with what frequency.



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Members should also be encouraged to review performance on the intranet monthly, and PIs should be included in all workstream updates to the Programme and Scrutiny Board and at Lead Member meetings, and workstream updates should be submitted for all services. Key PIs should be reported to Management Board, on an exception basis where targets have not been met, and minutes of meetings should also show that all underperformance is challenged and that there is clear action planning to resolve any issues identified.

Conclusion

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Management Board, and an action plan has been established to address weaknesses and ensure continuous improvement of the systems.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will continue to address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and our operation as part of our next annual review.

Brigadier Robert Hall
Chairman
Wiltshire & Swindon Fire Authority

September 2010

Andy Goves
Chief Fire Officer & Chief Executive
Wiltshire Fire & Rescue Service

September 2010



Wiltshire and Swindon Fire Authority

Independent Auditor's Report to the Members of Wiltshire and Swindon Fire Authority

Opinion on the statement of accounts

We have audited the accounting statements, the firefighters' pension fund accounting statements and related notes of Wiltshire and Swindon Fire Authority for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Authority's Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, and the Cash Flow Statement. The firefighters' pension fund accounting statements comprise the Fund Account and the Net Assets Statement. The accounting statements and the firefighters' pension fund accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to Wiltshire and Swindon Fire Authority, as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to Wiltshire and Swindon Fire Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Wiltshire and Swindon Fire Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Finance Director and Auditor

The Finance Director's responsibilities for preparing the financial statements, including the firefighters' pension fund accounting statements, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009 are set out in the Statement of Responsibilities for the Statement of Accounts.

Our responsibility is to audit the accounting statements, the firefighters' pension fund accounting statements and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounting statements, the firefighters' pension fund accounting statements and related notes give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009, of:

- ◆ the financial position of the Authority and its income and expenditure for the year; and
- ◆ the financial transactions of the firefighters' pension fund during the year and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

We review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. We report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the governance statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

We read other information published with the accounting statements, the firefighters' pension fund accounting statements and related notes and consider whether it is consistent with the audited accounting statements, the firefighters' pension fund accounting statements and related notes. This other information comprises the Explanatory Foreword. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounting statements, the firefighters' pension fund accounting statements and related notes. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements, the firefighters' pension fund accounting statements and related notes. It also includes an assessment of the significant estimates and judgements made by the Authority in the preparation of the accounting statements, the firefighters' pension fund accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounting statements, the firefighters' pension fund accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounting statements, the firefighters' pension fund accounting statements and related notes.

Opinion

In our opinion:

- ◆ The accounting statements and related notes give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended; and

- ◆ The firefighters' pension fund accounting statements and related notes give a true and fair view, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009, of the financial transactions of the firefighters' pension fund during the year ended 31 March 2010 and the amount and disposition of the fund's assets and liabilities as at 31 March 2010, other than liabilities to pay pensions and other benefits after the end of the scheme year.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Chris Wilson
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
100 Temple Street
Bristol
BS1 6AG

14 September 2010

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's Responsibilities

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

Auditor's responsibilities

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities and fire and rescue authorities. We report if significant matters have come to our attention which prevent me from concluding that the Authority has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice. Having regard to the criteria for principal local authorities and fire and rescue authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, we are satisfied that, in all significant respects, Wiltshire and Swindon Fire Authority made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

Chris Wilson
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
100 Temple Street
Bristol
BS1 6AG

14 September 2010



Wiltshire and Swindon Fire Authority

Income and Expenditure Account 2009/10

Net Expenditure 2008/09 Restated £		Gross Expenditure 2009/10 £	Income 2009/10 £	Net Expenditure 2009/10 £
1,435,503	Community Fire Safety			
	Statutory Inspection, Certification & Enforcement	1,727,462	-14,996	1,712,466
2,180,121	Prevention & Education	1,530,121	-149,308	1,380,813
	Firefighting & Rescue Operations			
21,891,643	Operational Responses	19,658,458	-339,787	19,318,671
1,536,863	Communications & Mobilising	2,039,938	-422,481	1,617,457
120,386	Securing Water Supplies	226,224	-1,678	224,546
	Corporate & Democratic Core			
436,910	Corporate Management	455,935	-3,050	452,885
147,623	Democratic Representation & Management	162,195	-1,989	160,206
807,000	Non-distributed costs	0	0	0
28,556,049	Net Cost of Services	25,800,333	-933,289	24,867,044
802	Gain(-)/Loss(+) on the Disposal of Fixed Assets			4,044
268,572	Interest Payable & Similar Charges			308,642
-161,481	Interest & Investment Income			-10,871
6,464,000	Pensions Interest Cost & Expected Return on Assets			6,688,000
35,127,942	Net Operating Expenditure			31,856,859
-14,179,675	Income from Council Tax			-15,031,195
-1,139,891	Revenue Support Grant			-1,771,923
-8,188,393	Non-Domestic Rates Grant			-7,676,880
11,619,983	Deficit for the Year			7,376,861



Wiltshire and Swindon Fire Authority

Statement of Movement on the General Fund Balance 2009/10

The Income and Expenditure Account shows the actual financial performance of the Authority for the year measured in terms of resources consumed and generated. However, the Authority is required to raise Council Tax on a different accounting basis. The main differences are:

- ◆ Capital investment is accounted for as it is financed, rather than when fixed assets are consumed.
- ◆ Retirement benefits are charged as amounts become payable to pension funds and pensioners rather than as future benefits are earned.

The General Fund balance compares the Authority's spending against the Council Tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund balance.

2008/09 Restated £		2009/10 £
11,619,983	Deficit for the year on the Income and Expenditure Account	7,376,861
-11,561,396	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	-7,365,208
58,587	Decrease in the General Fund Balance for the year	11,653
-722,740	General Fund Balance brought forward	-664,153
-664,153	General Fund Balance carried forward	-652,500



Wiltshire and Swindon Fire Authority

Reconciling items for the Statement of Movement on the General Fund Balance

2008/09 Restated £		2009/10 £	2009/10 £
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance:		
-19,690	Amortisation of intangible fixed assets	-25,087	
-320,991	Depreciation of tangible fixed assets	-680,527	
0	Depreciation credits	102,610	
-3,752,926	Impairment and revaluation of fixed assets	-227,507	
-3,287	Charge made on sale of fixed assets	-36,098	
-10,141	Council Tax income adjustment	11,298	
-9,942,000	Net charges made for retirement benefits in accordance with FRS17	-9,141,000	
-14,049,035	Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance:		-9,996,311
228,589	Minimum revenue provision for capital financing	247,966	
0	Revenue Provision for Finance Leases	75,684	
282,311	Capital expenditure charged to the General Fund Balance	15,680	
2,285,878	Employer's contributions payable to the Pensions Account and retirement benefits payable directly to pensioners	2,324,300	
2,796,778	Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance:		2,663,630
-309,139	Net transfer from earmarked reserves		-32,527
-11,561,396	Net additional amount required to be credited to the General Fund Balance for the year		-7,365,208



Wiltshire and Swindon Fire Authority

Statement of Total Recognised Gains and Losses 2009/10

2008/09 Restated £		2009/10 £
11,619,983	Deficit for the year on the Income and Expenditure Account	7,376,861
-71,443	Surplus arising on revaluation of fixed assets	0
-2,465,000	Actuarial gains(-)/losses on pension fund assets and liabilities	34,712,459
9,083,540	Total recognised gains(-)/losses for the year	42,089,320
	<u>Total net worth (on Balance Sheet)</u>	
84,155,101	At 1 April	93,238,641
93,238,641	At 31 March	135,327,961
-9,083,540	Movement in total net worth	-42,089,320

The prior period adjustments described in Note 1 to the Core Financial Statements have altered the balance sheet totals as originally published to those shown above by the inclusion of the balance on the Collection Fund Adjustment Account in the sum of £70,998 at 1 April 2008 and £60,587 at 31 March 2009.



Wiltshire and Swindon Fire Authority

Balance Sheet as at 31 March 2010

2008/09 Restated £		Note	2009/10 £	2009/10 £
	Fixed Assets			
100,859	Intangible Fixed Assets	8/10		102,759
10,003,480	Tangible Fixed Assets	8/9		13,048,918
10,279	Surplus Assets	8/9		500
10,114,618				13,152,177
1,879	Long-term Debtors			1,279
10,116,497				13,153,456
	Current Assets			
198,482	Stocks	12	189,821	
2,040,904	Debtors	13	2,051,788	
682,280	Payments in Advance		182,441	
1,532,853	Short Term Investments	13/25	1,197,384	
0	Cash and Bank		4,130	
4,454,519				3,625,564
	Current Liabilities			
-2,395,221	Creditors and Receipts in Advance	13	-3,311,723	
-213,900	Provisions	15	-523,300	
-250,000	Borrowing repayable within 1 year	13/14/25	-170,833	
0	Finance Lease Liabilities payable within 1 year	7	-79,480	
-509,695	Cash Overdrawn		0	
-3,368,816				-4,085,336
1,085,703	Net Current Assets			-459,772
11,202,200	Total Assets less Current Liabilities			12,693,684
-5,193,000	Long Term Borrowing	13/14/25		-6,472,167
0	Finance Lease Liabilities	7		-772,478
-99,247,841	Net Liability related to Defined Benefit Pension Schemes	21		-140,777,000
-93,238,641	Total Assets less Liabilities			-135,327,961
	Financed by:			
68,156	Revaluation Reserve	16		48,459
3,811,137	Capital Adjustment Account	16		3,334,005
30,450	Capital Receipts Reserve	16		0
60,857	Collection Fund Adjustment Account	16		72,155
-99,247,841	Pensions Reserve	16/21		-140,777,000
664,153	General Fund Balance	16		652,500
1,374,447	Earmarked Reserves	16		1,341,920
-93,238,641	Total Net Worth			-135,327,961



Wiltshire and Swindon Fire Authority

Cashflow Statement 2009/10

2008/09 £		2009/10 £	2009/10 £
	Revenue Activities		
	<i>Cash outflows</i>		
-17,923,520	Cash paid to and on behalf of employees	-19,051,653	
-6,782,026	Other operating costs	-4,846,343	-23,897,996
	<i>Cash inflows</i>		
1,139,891	Revenue Support Grant	1,771,923	
8,188,393	Non-domestic rates redistribution	7,676,880	
14,189,816	Precepts	15,019,897	
590,475	Cash received for goods and services	1,023,974	25,492,674
-596,971	Net Revenue Position		1,594,678
	Returns on Investments and Servicing of Finance		
	<i>Cash outflows</i>		
-268,573	Interest paid	-143,697	
0	Interest element of finance lease rental payments	-37,956	
	<i>Cash inflows</i>		
240,052	Interest received	10,871	-170,782
	Capital Activities		
	<i>Cash outflows</i>		
-1,073,747	Purchase of fixed assets	-3,954,802	
	<i>Cash inflows</i>		
0	Capital Grants received	674,809	
0	Other capital cash receipts	910,137	-2,369,856
-1,699,239	Net Cash Inflow/Outflow(-) before Financing		-945,960
	Management of Liquid Resources		
	<i>Cash inflows</i>		
1,081,174	Net decrease in short-term deposits		335,469
	Financing		
	<i>Cash outflows</i>		
-50,000	Repayments of loans	-250,000	
0	Capital element of finance lease rental payments	-75,684	
	<i>Cash inflows</i>		
0	New loans raised	1,450,000	1,124,316
-668,065	Net Increase/Decrease(-) in Cash		513,825



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

1 Prior Period Adjustments

The change in accounting for Council Tax described in the Statement for Accounting Policies has been achieved by re-stating the 2008-09 comparative figures as if the new requirements had existed in that year.

The initial balance on the Collection Fund Adjustment Account, representing the Fire Authority's share of the surplus at 1 April 2008, was £70,998. This balance has been created by adjusting debtors and creditors for transactions with Wiltshire Council and Swindon Borough Council.

In the Income and Expenditure Account, the Council Tax Income is £10,141 less than the amount shown in the 2008/09 Statement. This sum reduced the balance on the Collection Fund Adjustment Account.

The following sums have also been included in the balance sheet as at 31 March 2009 to recognise the Fire Authority's share of Council Tax net arrears.

	Wiltshire £	Swindon £	Total £
Debtors			
Council Tax Arrears	385,989	281,271	667,260
Less - Provision for doubtful debts	-80,648	-232,063	-312,711
	305,341	49,208	354,549
Creditors			
Overpayments and prepayments	-102,551	-41,359	-143,910
Billing Authority creditor	-202,790	-7,849	-210,639
	-305,341	-49,208	-354,549

2 Payments to Members of the Authority

The following payments were made to members in accordance with the Authority's approved scheme of members' allowances made under the Local Authorities (Members' Allowances) (England) Regulations 2003. Travelling and subsistence allowances are the reimbursement of expenditure personally and necessarily incurred by members in the performance of their official duties.

Payments made directly by the Authority to third parties for members' fares and accommodation in respect of conferences attended are not included in the details below.



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

Name	Type of Allowance				Total Allowances £
	Basic £	Special Responsibility £	Co-optees £	Travel & Subsistence £	
Barker, D	0	0	464	287	751
Batchelor, P	439	0	0	0	439
Bawden, M	2,510	1,120	0	193	3,823
Brown, PA	2,026	0	0	52	2,078
Carine, J	0	0	63	44	107
Chettleburgh, B	439	0	0	93	532
Davis, P R	2,510	0	0	319	2,829
Devine, C	2,026	0	0	162	2,188
Groom M	2,026	0	0	110	2,136
Hall, R	3,306	8,158	0	1,521	12,985
Inight, D	0	0	218	8	226
Marshall, HR	2,026	0	0	0	2,026
Martin, N D	2,510	0	0	345	2,855
McMillan, R	0	0	218	0	218
Molland, T	439	0	0	0	439
Montaut, D	2,510	0	0	350	2,860
Newbury, CN	2,026	0	0	1,030	3,056
Osborn, J	2,516	2,125	0	192	4,833
Payne, G	2,026	0	0	45	2,071
Rugg, P	439	0	0	0	439
White, M	445	390	0	510	1,345
Willmott, D J	612	1,690	0	326	2,628
Wren, D	2,571	5,611	0	1,545	9,727
Total	33,402	19,094	963	7,132	60,591

3 Related Party Transactions

FRS 8 requires the Authority 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.

Related Parties of the Fire Authority include members, senior officers, local authorities, central government and the Wiltshire County Pension Fund. All officers required to declare external interests have replied with nothing to declare. Where Members of the Authority have declared external interests the details of these have been recorded in the Members' Register of Interests.

Details of transactions involving central government, local authorities and Pension Funds are shown throughout the Statement of Accounts and the significant ones, including debtors and creditors due at the year-end, can be summarised as shown in the following table.



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

It should be noted that on 1 April 2009 Wiltshire Council replaced the former County Council and four District Councils with a single Authority. The pay and pensions administration payments for 2008/09 in the table refer to the former County Council.

2008/09			2009/10	
Exp. and Income £	Debtors/ Creditors £		Exp. and Income £	Debtors/ Creditors £
		<u>Central Government</u>		
-1,139,891	0	Revenue Support Grant	-1,771,923	0
-8,188,393	0	Non-domestic Rates	-7,676,880	0
-1,378,212	-1,265,816	Firefighters' Pensions	-1,932,665	-1,254,375
		<u>Wiltshire Council</u>		
48,527	12,088	Pay & Pensions Administration	49,542	12,336
0	0	Council Tax	-10,746,387	196,521
0	0	Non-domestic Rates	241,830	0
		<u>Wiltshire County Pension Fund</u>		
439,763	0	Employer's Contributions	508,906	0
		<u>Wiltshire Constabulary</u>		
276,341	276,341	Emergency Services Control Centre	292,284	292,284
0	0	Capital contribution to the above	214,436	214,436
		<u>Swindon Borough Council</u>		
-3,995,660	-15,233	Council Tax	-4,284,808	-39,457
19,372	6,257	Legal Advice	22,507	5,079
30,800	8,514	Internal Audit Services	30,000	30,000
81,312	0	Non-domestic Rates	85,360	0
		<u>Former District Councils:</u>		
-10,184,015	165,015	Council Tax	0	0
200,434	0	Non-domestic Rates	0	0

Debtors(-) and creditors(+) are included in the figures for income and expenditure.

4 External Auditor Fees

The Authority's external auditors charged £70,944 for work undertaken in 2009/10 (£68,750 in 2008/09).



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

5 Capital Expenditure and Financing

2008/09			2009/10	
£			£	
5,605,300		Opening capital financing requirement		6,235,324
		<u>Capital investment during the year -</u>		
		<u>Operational assets</u>		
0		Vehicles		2,320,940
335,010		Equipment		1,090,183
736,965		Minor Capital Works		568,668
68,949		Intangibles (Software Licences)		26,987
		<u>Sources of finance</u>		
-282,311		Direct Revenue Financing		-15,680
0		Capital Grants		-643,309
0		Capital Receipts		-30,450
0		Revenue Provision for Finance Leases		-75,684
-228,589		Minimum Revenue Provision		-247,966
6,235,324		Closing capital financing requirement		9,229,013
		<u>Explanation of movement in year</u>		
630,024		Increase in underlying need to borrow		2,141,731
0		Increase in Finance Lease liabilities		851,958
630,024		Increase in capital financing requirement		2,993,689

6 Statement of Physical Assets

2008/09			2009/10	
Owned	Leased		Owned	Leased
		<u>Land and Buildings</u>		
24	0	Fire Stations	24	0
1	0	Service Headquarters	1	0
1	0	Training and Development Centre	1	0
26	0	Total Premises	26	0
		<u>Operational Vehicles</u>		
14	30	Appliances	14	32
0	4	Emergency Support Units	0	4
4	0	Water Carriers	4	0
2	0	Prime Movers	2	0
9	0	Pods	9	0
0	2	Aerial Appliances	0	2
12	47	Other Operational Vehicles	15	46
41	83	Total Operational Vehicles	44	84



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

7 Leases

A Operating Leases

The Authority has the use of certain assets under the terms of an operating lease. Operating leases apply to the fleet of vehicles and some items of equipment.

Analysis of lease expiry	Value of Leases £
Expiry by 31 March 2011	15,019
Expiry by 31 March 2012	82,195
Expiry by 31 March 2013	34,747
Expiry by 31 March 2014	150,781
Expiry by 31 March 2015	96,570
Expiry due after 5 years	412,800
Total value of operational leases held at 31 March 2010	792,112
Total value of operational leases held at 31 March 2009	823,400

B Finance Leases

The Authority acquired four fire appliances in 2009-10 under a finance lease. The rental payable in the year was £113,640, which was split between financing costs (£37,956) charged to the Income and Expenditure Account as interest payable, and the reduction in the long term liability to pay the lessor (£75,684).

The values of assets held under finance leases were as follows. These are accounted for as part of tangible fixed assets analysed in Note 9.

Vehicles	2009/10 £
Value as at 1 April 2009	0
Additions	927,642
Depreciation	-87,303
Value as at 31 March 2010	840,339

Outstanding obligations to make payments under finance leases (excluding financing costs) at 31 March 2010, accounted for as part of current and long-term liabilities, are as follows.

	Principal payable £
Payable in 2010/11	79,480
Payable from 2011/12 to 2014/15	355,874
Payable from 2015/16 onwards	416,604
Total liabilities at 31 March 2010	851,958



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

8 Valuation of Fixed Assets

Fixed assets are included in the Balance Sheet in accordance with the valuation policies described in the Statement of Accounting Policies, with the addition of capital expenditure on purchases and improvements during the year. An analysis of net book value by category is given below.

In 2008/09 an impairment of £3,752,926 was recognised in the accounts due to a general fall in prices as a result of market conditions, as assessed by AtisReal, who were the Authority's external, RICS qualified property advisers in that year.

A full valuation of land and buildings was carried out as at 1 April 2009. It covered all the Service's properties in order to update residual values and depreciation charges. The valuation was carried out by BNP Paribas, who are RICS qualified and external to the Fire Authority. The formal valuation as at 1 April 2009 resulted in a further net impairment of £227,507.

The Authority reviewed property values at 31 March 2010 and is not aware of any material change in the valuation of land and buildings since the last formal valuation as at 1 April 2009.

Balance Sheet Value 2008/09 £		Balance Sheet Value 2009/10 £
9,046,507	Tangible Fixed Assets (Note 9 below)	
291,921	Land and Buildings	9,294,470
665,052	Operational Vehicles	2,340,135
	Operational Equipment	1,414,313
10,003,480		13,048,918
10,279	Surplus Assets	500
	Intangible Fixed Assets (Note 10 below)	
100,859	Software Licences	102,759
10,114,618	Total asset value	13,152,177



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

9 Tangible Fixed Assets

Movements in tangible operational fixed assets during the year were:

	Land and Buildings £	Vehicles £	Equipment £	Total £
<u>Cost or valuation</u>				
At 1 April 2009	13,115,799	2,547,379	1,780,464	17,443,642
Additions	568,668	2,320,940	1,090,183	3,979,791
Impairment *	-4,296,799	0	0	-4,296,799
Disposals	0	-631,466	0	-631,466
Transfers to surplus assets	0	0	-25,770	-25,770
At 31 March 2010	9,387,668	4,236,853	2,844,877	16,469,398
<u>Depreciation and impairment</u>				
At 1 April 2009	-4,069,292	-2,255,458	-1,115,412	-7,440,162
Depreciation	-93,198	-246,407	-340,922	-680,527
Impairment *	4,069,292	0	0	4,069,292
Disposals	0	605,147	0	605,147
Transfers to surplus assets	0	0	25,770	25,770
At 31 March 2010	-93,198	-1,896,718	-1,430,564	-3,420,480
<u>Balance Sheet Amount</u>				
At 31 March 2010	9,294,470	2,340,135	1,414,313	13,048,918
At 1 April 2009	9,046,507	291,921	665,052	10,003,480
<u>Nature of asset holding</u>				
Owned	9,294,470	1,499,796	1,414,313	12,208,579
Finance lease	0	840,339	0	840,339
	9,294,470	2,340,135	1,414,313	13,048,918

* Both impairment figures include £3,752,926 already recognised in 2008/09, as set out in Note 8: Valuation of Fixed Assets. The presentation of the table was amended in line with the SORP 2009. The net value of these two amounts is £227,507, which represents the impairment recognised in 2009/10.

When operational assets are declared surplus to requirements, their gross value and accumulated depreciation are transferred to a non-operational surplus assets account. At the point of transfer, each asset is revalued to market value. When sold, or disposed of, the value is transferred to the Income and Expenditure Account, which also receives any proceeds of sale, so recording a gain or loss on disposal.



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

Movements in tangible non-operational fixed assets during the year were:

	Surplus assets £
Net book value at 31 March 2009	10,279
Sales	-9,779
Net book value at 31 March 2010	500

10 Intangible Fixed Assets

Movements in intangible fixed assets during the year were:

	Software £
Original cost	127,949
Amortisations to 1 April 2009	-27,090
Balance at 1 April 2009	100,859
Expenditure in year	26,987
Written off to revenue in year	-25,087
Net book value at 31 March 2010	102,759

Software for the Asset Management System was purchased during 2006/07 and 2007/08. The cost is being written off over an estimated ten-year life.

Expenditure in 2008/09 was on a Retained Availability Recording System and a Cartology System, with further expenditure on the Retained Recording System in 2009/10. These have an estimated life of five years.

11 Depreciation

Operational assets, other than land, are depreciated on a straight-line basis over their estimated useful lives, allowing for residual values. Both the lives and the residual values are assessed in accordance with the policy set out in the Statement of Accounting Policies.

In 2009/10, the useful lives and residual values of equipment assets were reassessed, resulting in one asset being extended from 4 to 8 years and one decreased from 3 to 2 years. The residual values of two assets were increased from nil to £8,000 each. The overall effect was to reduce the depreciation on these assets by £1,770 per annum.

The useful lives and residual values of all owned vehicles were also reassessed in 2009/10. A number of changes were made to both useful lives and residual values, resulting in an overall reduction in depreciation on these assets of £881 per annum.



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

12 Stocks

2008/09		2009/10
£		£
106,989	Uniforms and Protective Clothing	83,125
82,867	Operational Equipment	92,661
8,626	Fuel	14,035
198,482	Total Stock Held as at 31 March	189,821

13 Balances on Financial Instruments

New categories of financial instruments were introduced by the Code of Practice with effect from 1 April, 2007. The Authority has no financial instruments classified as available for sale or at fair value through profit or loss. The Balance Sheet entries are classified as follows:

	31 March 2009		31 March 2010	
	Long term £	Current £	Long term £	Current £
<u>Financial Liabilities</u>				
At amortised cost (PWLB loans)	-5,193,000	-250,000	-6,472,167	-170,833
Creditors	0	-1,957,599	0	-2,273,303
	-5,193,000	-2,207,599	-6,472,167	-2,444,136
<u>Financial Assets (Loans and receivables)</u>				
Investments	0	1,532,853	0	1,197,384
Trade debtors	0	79,645	0	130,139
	0	1,612,498	0	1,327,523

Reconciliation of creditors to Balance Sheet

31 Mar 2009		31 Mar 2010
£		£
-1,957,599	Creditors	-2,273,303
-3,000	Receipts in advance	0
0	Capital grants unapplied	-31,500
0	Capital grants deferred	-540,698
-143,910	Council Tax overpayments and prepayments	-151,853
-290,712	Council Tax creditor	-314,369
-2,395,221	Creditors & receipts in advance (Balance Sheet)	-3,311,723



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

Reconciliation of debtors to Balance Sheet

31 Mar 2009		31 Mar 2010
£		£
79,645	Trade debtors	130,139
42,212	Other debtors	22,804
1,265,816	Government Debtor (Pensions Top-up Grant)	1,254,376
157,752	Government Debtor (VAT)	106,092
667,260	Council Tax arrears	759,865
-312,711	Council Tax provision for bad debts	-378,793
140,930	Council Tax debtors	157,305
2,040,904	Debtors (Balance Sheet)	2,051,788

PWLB loans are borrowed from the Public Works Loan Board.

Creditor balances represent sums owed by the Fire Authority for supplies and services received before 31 March, but not paid at that date. Under the new requirements, they are known as "trade payables". Similarly, debtor balances represent money owed to the Fire Authority for services provided before 31 March, but not received at that date. These are "trade receivables".

14 Fair Value of Financial Instruments

Financial Assets (loans and receivables) and financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been assessed by calculating the present values of the cash flows that will take place over the remaining terms of the instruments, using the following assumptions:

- PWLB loans are discounted at the equivalent interest rate applicable at 31 March on new loans taken out for the period remaining on each loan;
- no early repayment or impairment is recognised;
- where maturity is within 12 months, the carrying amount is assumed to approximate to the fair value;
- the fair value of trade payables and receivables is the invoiced amount.

31 March 2009		31 March 2010
£		£
	<u>Public Works Loans Board - loans</u>	
5,998,606	Fair value	6,960,216
5,443,000	Carrying amount	6,643,000
555,606	Difference	317,216

The fair value remains higher than the carrying amount because of the continuing low level of interest rates.

For all other financial instruments, the fair value is the same as the carrying amount.



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

15 Provisions

Provision for Pay Reform

A provision was set up in 2007/08 to meet the costs of pay reform for corporate staff, amounting to £213,900 at 1 April 2009. The reform will take effect from 1 April 2007, but was not implemented in 2009/10 as expected. A further £154,400 was added to the provision in respect of 2009/10 costs. Implementation is expected in 2010/11.

Provision for Part-time Workers (Retained Compensation)

A provision has been established for the initial compensation costs resulting from the Employment Tribunal's consideration of the Part Time Workers (Prevention of Less Favourable Treatment) Regulations 2000 in relation to firefighters working the Retained Duty System. The initial financial impact of this legislation has been calculated at about £155,000, based on the reference period 1 July 2000 to 30 June 2009, length of service, rank and role, level of cover, and anticipated take up.



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

16 Reserves and balances

The Authority holds a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up to earmark resources for future spending plans.

The table summarises the movements on reserves during the year and the narrative that follows explains the purpose of each of these reserves.

Reserve	Note	Balance 1 April 2009 £	Revenue Transfer £	Other Movements £	Balance 31 March 2010 £
Revaluation Reserve	(A)	68,156	0	-19,697	48,459
Capital Adjustment Account	(B)	3,811,137	-866,609	389,477	3,334,005
Capital Receipts	(C)	30,450	0	-30,450	0
Collection Fund Adjustment Account	(D)	60,857	0	11,298	72,155
Pensions Reserve	(E)	-99,247,841	0	-41,529,159	-140,777,000
General Reserve	(F)	664,153	-11,653	0	652,500
<u>Earmarked Reserves</u>					
Hydrants	(G)	70,000	-14,000	0	56,000
Collaboration	(H)	295,001	0	0	295,001
Integrated Risk Management	(I)	18,527	-18,527	0	0
Ill Health Retirement	(J)	894,982	0	0	894,982
Insurance	(K)	50,000	0	0	50,000
Efficiencies	(L)	45,937	0	0	45,937
Total Reserves		-93,238,641	-910,789	-41,178,531	-135,327,961

(A) Revaluation Reserve

The Code of Practice required the establishment of this Reserve on 1 April 2007, with a nil balance. It reflects the added value of assets on revaluation and that part of depreciation resulting from revaluation. It reduces when revalued assets are disposed of or impaired during the year.



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

(B) Capital Adjustment Account

The Reserve is charged with the historical cost of acquiring, creating or enhancing fixed assets, over the life of those assets, through depreciation, revaluation, impairment or disposal. It is credited with resources set aside to finance capital expenditure from capital receipts and revenue, including the minimum revenue provision for debt repayment.

Movements on this reserve are set out below.

2008/09 £		2009/10 £
7,393,844	Balance at 1 April	3,811,137
	Transfers to revenue to offset net charges	
-320,991	Depreciation of tangible assets	-680,527
0	Depreciation credits for capital grants	102,610
-19,690	Amortisation of intangible assets	-25,087
-19,467	Revaluation loss	0
-3,733,459	Impairment loss	-227,507
-3,287	Net book value of sold assets	-36,098
	Other transactions	
228,589	Minimum Revenue Provision	247,966
0	Revenue Provision for Finance Leases	75,684
282,311	Direct Revenue Financing	15,680
0	Financing by Capital Receipts	30,450
3,287	Write out Revaluation Reserve balance for sold assets	19,697
3,811,137	Balance at 31 March	3,334,005

(C) Capital Receipts Reserve

This reserve contains the proceeds from the disposal of assets, subject to a minimum for each asset of £10,000. There were no new receipts in 2008/09 or 2009/10. The balance was used to finance new capital expenditure in 2009/10.

(D) Collection Fund Adjustment Account

This notional reserve is used to balance the adjustments required to reflect the notion that the billing authorities act as the Fire Authority's agent in collecting the Council Tax.

(E) Pensions Reserve

This sum balances the pensions liability described in more detail in Note 21.

(F) General Reserve

The Authority is able to hold reserves to guard against unforeseen and therefore unbudgeted expenditure. Revenue reserves which are not earmarked for a particular purpose are held in the General Reserve.



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

Earmarked Reserves

(G) Hydrants Reserve

The Fire Authority contracts with several water companies to carry out works within the County in respect of hydrants. Orders placed are not always actioned during the period requested and may not be charged in the correct year.

As a result of the late billing situation the Authority's liability for these works has become substantial. A reserve was therefore established to meet this expenditure, the balance representing the amount anticipated as owing to the water companies.

(H) Collaboration Reserve

This reserve is set aside to finance equipment replacement and upgrades at the current Wiltshire Emergency Services Control Centre, together with potential unforeseen costs associated with the establishment of the Regional Control Centre.

(I) Integrated Risk Management Reserve

This reserve has been used to pay for the staffing, accommodation and other associated costs of this essential area of work.

(J) Ill Health Retirement Reserve

Since 1 April, 2006, the Authority pays a set employers' contribution on behalf of firefighters in the Pension Scheme. All normal retirement costs are in effect paid by central government, but the cost of ill-health retirements and injury compensation granted is paid locally. This reserve recognises this specific liability, and guards against unforeseen events of this nature.

(K) Insurance Reserve

During 2006/07, the renegotiation of the Authority's insurance policies resulted in a significant saving on previous years' premiums and a subsequent underspending in the insurance budget. This reduction in premiums did, however, rely on the Authority accepting a higher level of risk, by increasing the excesses on the policy. All major insurable risks remain covered by the policy, but the liability and motor sections are now subject to excesses of £5,000, with aggregate limits of £50,000 and £40,000 respectively.

The insurance reserve was established from the savings on insurance premiums to support this additional level of risk.

(L) Efficiencies Reserve

This reserve was established in 2007/08 to progress work in identifying and implementing reviews to establish efficiencies for future years.



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

17 Contingent Liabilities

The Authority is required to disclose if there are possible obligations which may require payment or a transfer of economic benefit. At the time of the closure of accounts, two such contingencies existed.

Retained firefighters' part time status

Employment Tribunal cases have been heard regarding whether or not retained firefighters are employed under the same type of contract as wholetime firefighters for the purpose of the Part-time Workers' Regulations. Following a House of Lords ruling, the Tribunal has decided that the exclusion of the retained firefighters from the Firefighters' Pension Scheme and their sick pay arrangements are unlawful. The provision established for compensation payments is described in Note 15, but this does not cover rights of access to the pension scheme which is being handled by the Department for Communities and Local Government. It is not yet possible to make a reliable estimate of the cost to the Authority, and no provision has been made in the Accounts.

Costs of transferring to a Regional Control Centre

The Authority has a tri-service arrangement for the joint emergency control centre, with the Police and Ambulance services. The Authority was required to give to its partners three years' notice of its intention to withdraw from the agreement. It did this in 2008/09 in anticipation that it would move its Control function to the Regional Control Centre, as part of the national FireControl Project, subject to the Authority approving any such move. This notice can be withdrawn at any time.

As a consequence of any decision to move away from the tri-service agreement, costs may be incurred in relation to payments to partners to compensate them for the additional shared costs they would have to meet. These costs would be offset by the Authority's share of the value of the remaining part of the lease. The net amount is not yet known, but it is expected to be in excess of £1 million.

18 Contingent Assets

The Accounting Code of Practice defines a contingent asset as a possible asset that arises from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control. Contingent assets are not recognised in the Income and Expenditure Account or in the Balance Sheet because prudence cautions that the gains may never be recognised.

No contingent assets have been recognised at the Balance Sheet date.

19 Authorisation of Statement of Accounts

The Statement was authorised for issue by the Finance Director, Phil Chow, on 18 June 2010.

20 Events after the Balance Sheet Date

Post balance sheet events occur between the balance sheet date and the date the accounts are authorised for issue. Events which have a material effect on the accounts must be disclosed in a note.



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

No post balance sheet events were identified before the unaudited accounts were authorised for issue. However, one such event was identified before the audit of the accounts was completed.

The Chancellor of the Exchequer announced in his Emergency Budget on 22 June 2010 that the consumer prices index rather than the retail prices index will be the basis for future public sector pension increases. In accordance with FRS 21 (Events after the balance sheet date), this change is deemed to be a non-adjusting post balance sheet event. It is estimated that this change will reduce the value of an average employer's FRS 17 liabilities by around 6 - 8%.

21 Retirement Benefits

A Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make these payments which needs to be disclosed at the time that employees earn their future entitlements. Therefore, in accordance with FRS17 (Retirement Benefits), the Authority must disclose its share of assets and liabilities related to pension schemes for its employees.

The Authority participates in three pension schemes:-

- the Firefighters' Pension Scheme (FPS) for uniformed personnel - this is an unfunded scheme, meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.
- the New Firefighters' Pension Scheme (NFPS) for uniformed personnel - this came into effect from 6 April 2006. It applies to all joiners from that date and any members of the FPS who opt to join the new scheme. As with the FPS, the new scheme is unfunded.
- the Local Government Pension Fund for other employees, administered by Wiltshire Council - this is a funded 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. The fund is invested in equities, bonds, property and other investments.

In addition, the Authority has made arrangements for the payment of added years to certain retired employees outside the provisions of the schemes.



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

B Transactions Relating to Retirement Benefits

The cost of retirement benefits is recognised in the Income & Expenditure Account when they are earned by employees rather than when the benefits are actually paid as pensions. However, the charge that is required to be made against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of the Movement on the General Fund Balance. The transactions on the FPS and NFPS are aggregated in the Accounts. The following transactions have been made in the Income and Expenditure Account and the Statement of the Movement on the General Fund Balance during the year:

	<u>Firefighters' Schemes</u>		<u>Wiltshire County Fund</u>	
	<u>2008/09</u>	<u>2009/10</u>	<u>2008/09</u>	<u>2009/10</u>
	£	£	£	£
<u>Income & Expenditure</u>				
<u>Account</u>				
Net Cost of Services:				
Current service cost	-2,300,000	-2,100,000	-371,000	-353,000
Past service costs	-700,000	0	-107,000	0
Net Operating Expenditure:				
Interest cost	-6,400,000	-6,500,000	-565,000	-570,000
Expected return on assets in the scheme	0	0	501,000	382,000
Net Charge to the Income & Expenditure Account	-9,400,000	-8,600,000	-542,000	-541,000
<u>Statement of Movement on</u>				
<u>General Fund Balance</u>				
Reversal of net charges made for retirement benefits under FRS 17	9,400,000	8,600,000	542,000	541,000
Actual amount charged Employer's contributions payable to the scheme	-1,855,447	-1,815,394	-430,431	-508,906

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial gains and losses of -£38,670,000 (£2,465,000 in 2008/09) were included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses is -£43,590,000.



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

C Assets and Liabilities in Relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities:

	Firefighters' Schemes		Wiltshire County Fund	
	2008/09	2009/10	2008/09	2009/10
	£	£	£	£
1 April	92,300,000	94,900,000	7,923,000	8,079,000
Current service cost	2,300,000	2,100,000	371,000	353,000
Interest cost	6,400,000	6,500,000	565,000	570,000
Contributions by scheme participants	900,000	900,000	180,000	208,000
Transfers in from other authorities	0	0	0	0
Transfers out to other authorities	0	-200,000	0	0
Actuarial gains and losses	-3,600,000	33,900,000	-947,000	6,171,000
Benefits paid	-4,100,000	-4,400,000	-120,000	-195,000
Past service costs	700,000	0	107,000	0
31 March	94,900,000	133,700,000	8,079,000	15,186,000

Reconciliation of fair value of the scheme assets:

	Wiltshire County Fund	
	2008/09	2009/10
	£	£
1 April	6,868,000	5,797,000
Expected rate of return	501,000	382,000
Actuarial gains and losses	-2,082,000	1,401,000
Employer contributions	450,000	516,000
Contributions by scheme participants	180,000	208,000
Benefits paid	-120,000	-195,000
31 March	5,797,000	8,109,000

The actual employer's contributions made as per the table in Note 21 (B) above differ from the actuary's estimate of employer's contributions used to calculate the pension liability. The difference is recognised in the Statement of Total Recognised Gains and Losses, within the "Actuarial gains and losses" line.

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period.

The actual return on scheme assets in the year was £1,783,000 (2008/09: -£1,581,000).



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

Scheme history:

	2005/06 *	2006/07	2007/08	2008/09	2009/10
	£000s	As restated £000s	As restated £000s	£000s	£000s
Present value of liabilities:					
Wiltshire Fund	-8,166	-8,477	-7,923	-8,079	-15,186
Firefighters' Schemes	-103,600	-102,900	-92,300	-94,900	-133,700
Fair value of assets in the Wiltshire Fund	5,591	6,024	6,868	5,797	8,109
Surplus/deficit in the schemes:					
Wiltshire Fund	-2,575	-2,453	-1,055	-2,282	-7,077
Firefighters' Schemes	-103,600	-102,900	-92,300	-94,900	-133,700
Total	-106,175	-105,353	-93,355	-97,182	-140,777

* The Authority has elected not to restate the fair value of scheme assets for 2005/06 as permitted by FRS 17 (revised).

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £140.777m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £135.316m.

However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- the deficit on the Wiltshire County Fund will be made good by increased contributions over the remaining life of employees, as assessed by the scheme actuary
- finance is only required to be raised to cover firefighter pensions when the pensions are actually paid.

The total contributions expected to be made to the Wiltshire County Fund by the Authority in the year to 31 March 2011 is £0.527m. Expected contributions for the Firefighters' Schemes in the year to 31 March 2011 are £1.642m.

D Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Firefighters' Schemes and the County Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries.



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

The principal assumptions used by the actuary have been:

At 31 March	Firefighters' Schemes		County Fund	
	2009	2010	2009	2010
Long-term expected rate of return on assets in the scheme:				
Equity investments	-	-	7.0%	7.8%
Bonds	-	-	5.6%	5.0%
Property	-	-	4.9%	5.8%
Cash	-	-	4.0%	4.8%
Mortality assumptions:				
Longevity for current pensioners*:				
Men	27.6	27.6	19.6	20.8
Women	31.0	31.0	22.5	24.1
Longevity for future pensioners*:				
pensioners:				
Men	29.2	29.2	20.7	22.3
Women	32.7	32.7	23.6	25.7
Rate of inflation	3.1%	3.8%	3.1%	3.8%
Rate of increase in salaries	4.6%	5.3%	4.6%	5.3%
Rate of increase in pensions	3.1%	3.8%	3.1%	3.8%
Rate for discounting scheme liabilities	6.9%	5.5%	6.9%	5.5%
Take-up of option to convert annual pension into retirement lump sum	90.0%	90.0%	63.0%	63.0%

* Longevity assumptions are based on retirement at 65 for the County Fund and 60 for the Firefighters' Schemes.

The Firefighters' Pension Schemes have no assets to cover liabilities. Assets in the Wiltshire County Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion of the total assets held by the Fund:

At 31 March	Assets in the Fund	
	2009	2010
	%	%
Equity investments	62.0	71.0
Bonds	23.0	16.0
Property	9.0	9.0
Cash	6.0	4.0
Total	100.0	100.0



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

E History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2009/10, and shown in the Statement of Total Recognised Gains and Losses, can be analysed into the categories, measured as a percentage of assets or liabilities at 31 March 2010:

	<u>Firefighters' Schemes</u>				
	2005/06 %	2006/07 %	2007/08 %	2008/09 %	2009/10 %
Experience gains and losses on liabilities	-0.48	-0.78	3.68	0.74	-5.98

	<u>Wiltshire County Fund</u>				
	2005/06 %	2006/07 %	2007/08 %	2008/09 %	2009/10 %
Differences between the expected and actual return on assets	13.63	-1.53	-0.87	-35.92	17.28
Experience gains and losses on liabilities	1.65	2.96	-2.57	-0.01	0.01



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

22 Reconciliation of Revenue Cash Movements in the Cash Flow Statement to the Income & Expenditure Account

2008/09 Restated £		2009/10 £	2009/10 £
-11,619,983	Deficit on Income & Expenditure Account		-7,376,861
	<u>Adjustments for Accruals</u>		
4,850	Stocks	8,661	
-849,795	Debtors	-10,884	
-377,969	Payments in Advance	499,839	
371,706	Creditors	344,304	
151,600	Provisions	309,400	1,151,320
	<u>Adjustments for other non-cash items</u>		
340,680	Depreciation	603,003	
3,752,926	Impairment and revaluation losses	227,507	
10,141	Council Tax income	-11,298	
9,942,000	FRS17 retirement benefits charges	9,141,000	9,960,212
	<u>Adjustments for items shown elsewhere in the Statement</u>		
28,521	Net interest paid	170,782	
-2,285,878	Employer's pension contributions	-2,324,300	
-65,770	Other adjustments	13,524	-2,139,994
-596,971	Net Movement from Revenue Activities		1,594,677

23 Reconciliation of the Movement in Cash to the Movement in Net Debt

2008/09 £		2009/10 £
-668,065	Net increase/decrease(-) in cash	513,825
50,000	Net loans raised(-) and repaid	-1,200,000
-1,081,174	Net increase/decrease(-) in short term deposits	-335,469
-1,699,239	Movement in Net Debt	-1,021,644
-2,720,603	Net Debt at 1 April	-4,419,842
-4,419,842	Net Debt at 31 March	-5,441,486



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

24 Reconciliation of items under the Financing and Management of Liquid Resources sections of the Cash Flow Statement to the opening and closing Balance Sheets

Movement 2008/09 £		Balance Sheet 1 Apr 2009 £	Balance Sheet 31 Mar 2010 £	Movement 2009/10 £
	<u>Management of Liquid Resources</u>			
-1,081,174	Short term deposits	1,532,853	1,197,384	-335,469
	<u>Financing</u>			
50,000	Loans raised or repaid	-5,443,000	-6,643,000	-1,200,000
		Initial recognition 2009/10 £	Balance Sheet 31 Mar 2010 £	Movement 2009/10 £
	<u>Financing</u>			
	Finance leases	-927,642	-851,958	75,684

25 Disclosure of the nature and extent of risks arising from financial instruments

The Fire Authority's activities expose it to a variety of financial risks, including -

- 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
- market risk - the possibility that financial loss might arise as a result of changes in interest rates, prices and other market conditions.

In managing these risks, the Authority has formally adopted a Treasury Management Policy Statement which complies with CIPFA's "Treasury Management in the Public Sector: Code of Practice". It has also set treasury management indicators to monitor key financial instruments risks in accordance with CIPFA's Prudential Code.

The Authority's Treasury Management Policy states that the successful identification, monitoring and control of risk are the prime criteria by which the effectiveness of treasury management will be measured, and that the authority will pursue optimum performance consistent with the risks associated with these activities.



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

Treasury management is carried out by staff in the Finance Department, following the policies set out in the Authority's Annual Investment Strategy.

Credit risk

The Authority invests temporarily surplus cash in short-term deposits with banks and other financial institutions in accordance with its Annual Investment Strategy, which gives priority to security and liquidity rather than yield.

The 2009/10 Investment Strategy allowed internal staff to invest surplus cash in a limited range of specified deposits, either fixed term or on call, but with a maximum term of less than one year. The credit criteria are set out below.

Institution	Minimum rating	Maximum investment
Highest quality financial institutions	F1+/AA-	£5m
Other Local Authorities	-	£1m
100% owned subsidiaries of clearing banks	F1+/AA-	£1m
Top ten Building Societies	-	£1m
Other Building Societies	F1/A	£0.5m
Merchant or secondary banks	F1/A	£0.5m

The maximum investment refers to sums invested with any one institution at any one time. The ratings are determined by Fitch and published on their website. The criteria are used to derive lists of institutions which may be used, and authority is delegated to the Finance Director to vary the lists and limits as circumstances dictate. The ratings are reviewed at least quarterly. During 2009/10, several of the top ten building societies were downgraded below F1, and these were suspended from the approved list.

At 31 March 2010, £1.2m was invested with two financial institutions (2009 - £1.5m in two institutions). The Authority has no experience of default with any of its investments.

The Authority does not generally allow credit to its debtors. At 31 March 2010, there were no material debts more than three months past their due date.

Liquidity risk

The authority has borrowed exclusively from the Public Works Loan Board, and has ready access to funds from this source. Therefore there is no significant risk that it will be unable to finance its commitments. Liquidity risk lies rather in the maturity profile of existing debt, which could result in a significant proportion of total debt requiring replacement at a time of adverse market conditions. This risk is taken into account when deciding on terms for new borrowing.



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

The maturity profile of borrowings as at 31 March is as follows.

2008/09		2009/10
£		£
250,000	Less than one year	170,833
50,000	One to two years	500,833
1,409,000	Two to five years	1,952,500
2,660,000	Five to ten years	2,703,167
1,074,000	Over ten years (last date October, 2027)	1,315,667
5,443,000	Total loans outstanding	6,643,000

The maximum maturing in any one year is £1,096,833 in 2017/18.

Creditors and other payables are all due within one year.

Market risk

The Authority is exposed to risk in terms of interest rate movements. A fall in rates increases the fair value of fixed rate borrowings, but this does not impact upon the Income and Expenditure Account or the Statement of Total Recognised Gains and Losses. As all borrowings are at fixed rates, this gives certainty of cash flow. However, a fall in rates does have an impact on revenue income in the form of investment interest. A judgement of prospective changes in rates is made when the annual budget is set, and performance is monitored through the year by regular reporting.

During 2009/10, interest rates on the money market remained at a very low level. The Bank of England base rate was 0.5% throughout the year, while the Local Government 7-day rate was 0.5% in April, falling to 0.25% in October and remaining at that level to the end of the year. Income from investment interest fell from £161,000 in 2008/09 to £11,000 in 2009/10. This represented an average rate of 0.58% on sums invested (4.78% in 2008/09). If rates were to increase by 1%, income would increase by £19,000, other factors being constant.

The Authority is not exposed to significant risks in relation to price inflation or exchange rates in relation to its treasury management activities.



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

26 Officers' Emoluments

The Accounts and Audit Regulations require the disclosure of the numbers of officers whose remuneration exceeded £50,000, analysed in bands of £5,000.

2008/09 No.	Remuneration band	2009/10 No.
8	£50,000 - £54,999	15
9	£55,000 - £59,999	9
5	£60,000 - £64,999	7
0	£65,000 - £69,999	2
0	£70,000 - £74,999	0
2	£75,000 - £79,999	0
0	£80,000 - £84,999	2
1	£85,000 - £89,999	0
0	£90,000 - £94,999	1
0	£95,000 - £99,999	0
0	£100,000 - £104,999	0
1	£105,000 - £109,999	0
0	£110,000 - £114,999	0
0	£115,000 - £119,999	1



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

27 Officers' Emoluments

The Accounts and Audit Regulations 2009 require disclosure of the remuneration of senior officers whose annual salary is over £50,000 and who have responsibility for management to the extent that they can direct or control the major activities of the Fire Authority, either solely or collectively. These officers are members of the Authority's Management Board. They are included in the bands shown in Note 26 if their total remuneration excluding pension contributions exceeds £50,000. Expenses are taxable payments, not reimbursements made for (e.g.) mileage and subsistence. Benefits in kind include the taxable cash equivalent value of cars provided by the Authority. Cars provided to officers who are on call at all times are exempt from tax, and so not included here.

	2009/10	Salary, Fees & Allowances	Expenses	Benefits in kind	Total excluding pension	Employers' Pension Contributions	Total including pension
	Note	£	£	£	£	£	£
Chief Fire Officer and Chief Executive		118,268	138	0	118,406	25,191	143,597
Deputy Chief Fire Officer	a	15,948	23	0	15,971	3,397	19,368
Deputy Chief Fire Officer	a	78,868	115	0	78,983	16,799	95,782
Assistant Chief Fire Officer, Service Delivery	b	49,288	456	0	49,744	10,498	60,242
Assistant Chief Fire Officer, Service Delivery	b	39,968	0	0	39,968	8,513	48,481
Assistant Chief Fire Officer, Resources	c	14,750	23	0	14,773	3,142	17,915
Assistant Chief Fire Officer, Resources	c	74,056	115	0	74,171	10,841	85,012
Director, Human Resources, Learning & Development	h	65,689	631	0	66,320	9,484	75,804
Director, Finance		64,498	0	3,233	67,731	9,481	77,212
Director, Service Delivery	d, f	30,229	372	0	30,601	6,326	36,927
Director, Resources	e, f	10,848	23	0	10,871	1,566	12,437
		562,410	1,896	3,233	567,539	105,238	672,777



Wiltshire and Swindon Fire Authority

Notes to the Core Financial Statements

2008/09		Salary, Fees & Allowances	Expenses	Benefits in kind	Total excluding pension	Employers' Pension Contributions	Total including pension
Note		£	£	£	£	£	£
Chief Fire Officer	g	106,138	138	0	106,276	22,829	129,105
Deputy Chief Fire Officer		85,740	0	0	85,740	18,263	104,003
Assistant Chief Fire Officer, Communities	b	78,688	137	0	78,825	16,937	95,762
Assistant Chief Fire Officer, Resources		79,602	335	0	79,937	17,121	97,058
Director, People	h	59,969	0	0	59,969	8,959	68,928
Director, Finance	i	48,806	0	3,289	52,095	7,845	59,940
		458,943	610	3,289	462,842	91,954	554,796

g

- Notes
- a The Deputy Chief Fire Officer left on 31 May and was replaced with effect from 1 June 2009.
 - b The Assistant Chief Fire Officer, Communities, retired on 28 March 2009. Another officer was temporarily promoted to this position until the appointment of a new officer as Assistant Chief Fire Officer, Service Delivery, with effect from 19 October 2009.
 - c The Assistant Chief Fire Officer, Resources, was replaced on 1 June 2009.
 - d The Director, Service Delivery, became a member of Management Board on 19 October 2009.
 - e The post of Director, Resources was vacant with effect from 1 June 2009.
 - f Management Board was expanded to include four additional posts with effect from 1 April 2009. Two of these posts have salaries under £50,000, and are not included in the tables.
 - g The Chief Fire Officer did not use the job title Chief Executive before 2009/10.
 - h The job title of the Director, People was changed to Director, Human Resources, Learning and Development during 2009/10.
 - i Although the salary of the Director, Finance was less than the threshold in 2008/09, figures are provided for comparative purposes.



Wiltshire and Swindon Fire Authority

Firefighters' Pension Scheme Pension Fund Account 2009/10

2008/09 £		2009/10 £
-1,622,883	<u>Contributions Receivable</u>	
-894,857	From employers	-1,608,922
-2,517,740	From members	-892,384
		-2,501,306
-139,790	<u>Transfers In</u>	
	Individual transfers from other schemes	0
-2,657,530	Total Income	-2,501,306
2,650,306	<u>Benefits Payable</u>	
1,385,436	Pensions	2,887,814
	Commutation of pensions and lump sum retirement benefits	1,326,939
4,035,742		4,214,753
0	<u>Transfers Out</u>	
	Individual transfers to other schemes	219,218
4,035,742	Total Expenditure	4,433,971
1,378,212	Net amount payable for the year before top-up grant	1,932,665
-112,396	Less Grant received on account for the year	-678,289
-1,265,816	Balance of Top-up Grant receivable	-1,254,376
0		0

Pension Fund Net Assets Statement at 31 March 2010

31 Mar 2009 £		31 Mar 2010 £
1,265,816	<u>Current Assets (Debtors)</u>	
	Pension top-up grant receivable from sponsoring department (DCLG)	1,254,376
1,265,816	Net Current Assets and Liabilities	1,254,376



Wiltshire and Swindon Fire Authority

Notes to the Pension Fund Accounts

1 Administration of the Firefighters' Pension Fund

The Firefighters' Pension Scheme (Amendment) (England) Order 2006 established new arrangements for the Scheme with effect from 1 April 2006. The Scheme is unfunded, meaning that there are no investment assets built up to meet future liabilities. Employees and the Fire Authority, as employer, both pay contributions into the Fund, based on percentages of pay which are set nationally and are subject to triennial revaluation by the Government's Actuary.

Sums paid into the Fund as contributions or transfers from other schemes, and sums paid out as benefits or transfers, are specified by regulations. Any difference between sums receivable and payable is met by a top-up grant from, or payment to, the Department for Communities and Local Government.

The Firefighters' Pension Scheme pays pensions and defined benefits to former wholetime employees and those retained employees who retired on ill-health grounds with duty injuries. It is now closed to new entrants.

The New Firefighters' Pension Scheme provides pensions and defined benefits to wholetime and retained staff at Watch Manager level and below who joined since April 2006.

Operational staff who join the Service at Station Manager level or above who are not existing members of the Firefighters' Pension Scheme may join the Local Government Pension Scheme.

The Schemes and Fund are administered by Wiltshire Council on behalf of the Fire Authority.

2 Accounting Policies

The Pension Fund accounts are maintained on an income and expenditure basis. Where actual amounts due are not known at the end of April, estimated amounts have been included. Any periodic payments and receipts are mainly recorded on a cash basis, and have not been accrued. This policy will be applied consistently each year and therefore will not have a material effect on the accounts.

3 Future Liabilities

The Pension Fund Account and the Pension Fund Net Assets Statement take account only of the transactions, assets and liabilities which relate to the 2009/10 financial year. They do not take account of liabilities to pay pensions and other benefits after this period. Details about future liabilities are set out in Note 21 to the Core Financial Statements.



Wiltshire and Swindon Fire Authority

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.

Amortisation

The writing down of an asset over a period of time in order to charge the revenue account for that asset's usage.

Amortised cost

The basis of recording financial liabilities, derived by discounting cash flows over the term. For loans at fixed interest rates, or variable rates linked to base rate, without significant transaction costs, the amortised cost should equate to the principal of the loan. This is the case for all PWLB loans.

Annual Governance Statement

A statement produced under the requirements of CIPFA's Framework - Delivering Good Governance in Local Government (June 2007), which is a 'proper practice' as defined by the Department for Communities and Local Government. It incorporates the review of the effectiveness of the system of internal control required by the Accounts and Audit Regulations.

Assets

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

Balance Sheet

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

Capital Adjustment Account

This account is credited with all sources of finance for capital expenditure, other than loans. One of these sources is a provision from revenue, equivalent to the minimum revenue provision. It is charged with the historical cost of acquiring, creating or enhancing fixed assets, over the life of those assets, through depreciation and impairment losses.

Capital Expenditure

Expenditure on new fixed assets such as land and buildings or on the enhancement of existing assets so as to significantly prolong their useful life or increase their market value.



Wiltshire and Swindon Fire Authority

Glossary of Terms

Capital Financing Requirement (CFR)

The Capital Financing Requirement comprises the value of past and current capital expenditure, less sources of financing, other than borrowing.

Capital Programme

The budget for expenditure on capital assets.

Capital Receipts

Income received from the disposal of land, buildings and other capital assets, where the sale proceeds exceed £10,000. Sales below this value are included in the Income and Expenditure Account.

Cash Flow Statement

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

CIPFA

The Chartered Institute of Public Finance and Accountancy.

Council Tax

A local tax on domestic properties introduced in 1993 to replace the Community Charge (Poll Tax). Income from Council Tax finances that part of the Authority's net spending which is not met by Government Grants or Non-domestic Rates. The Tax is collected by billing authorities and paid into a **Collection Fund**. The Fire Authority issues a precept to the billing authority for its share of the Tax.

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 stock.

Debtors

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

Depreciation

The loss in value of an asset due to age, wear and tear, deterioration and obsolescence. An annual charge is made to the revenue account to reflect this.

Earmarked Reserves

Amounts set aside for a specific purpose, a particular service or a type of expenditure.

Fair Value

The value of a financial instrument as if it were taken out at the present time for a similar term in a similar market.



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Glossary of Terms

Financial Instruments

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

Fixed Assets

Assets that result in benefits to the Authority and the services it provides for more than a year, such as land, buildings, vehicles and IT systems.

General Fund

The account that summarises the revenue costs of providing services that are met by the Authority's demand for Council Tax, Government Grants and other income. In the Statement, this account is divided into the Income and Expenditure Account and the Statement of the Movement on the General Fund Balance. The Fund balance (General Reserve) is carried forward as part of the Authority's Reserves.

Gross Expenditure

Total expenditure before deducting income.

Gross Book Value

The value of an asset before deducting depreciation and impairment losses.

Impairment

The permanent diminution in the value of a fixed asset, caused either by a consumption of economic benefits or by a general fall in prices.

Income & Expenditure Account

This statement reports the net cost of all the Authority's functions and demonstrates how that cost has been financed from government grants and Council Tax income.

Intangible Fixed Assets

Fixed assets owned by the Authority other than land, buildings, vehicles and equipment, such as software licences.

International Financial Reporting Standards (IFRS)

A new basis for reporting local authority accounts which will come into effect from 2010/11, replacing the Statement of Recommended Practice (SORP).

Liabilities

Amounts owed by the Authority to lenders or suppliers.

Minimum Revenue Provision

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

Minor Capital Works

Works carried out to improve the Authority's land and buildings.

Net Book Value

The remaining value of an asset after deducting depreciation and impairment losses.



Wiltshire and Swindon Fire Authority

Glossary of Terms

National Non-Domestic Rates (NNDR)

A flat rate in the pound set by Government, 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. Sometimes known as 'Business Rates'.

Net Expenditure

Gross expenditure less income.

Operating Lease

A lease under which the asset can never become the property of the lessee.

Outturn

Actual income and expenditure for the financial year.

Precept

The charge made by one Authority to another to finance its net expenditure.

Provisions

Amounts set aside for any liability or loss that is likely to be incurred in a future year, but where the exact amount and date is uncertain. A provision can be set up only if a reliable estimate can be made of the amount of the obligation to pay.

Prudential Code

The Prudential Code for Capital Finance in Local Authorities. This was published by CIPFA in 2003. Local authorities are required to comply with its provisions when setting their capital programmes.

Prudential Indicators

A series of measures, set out in the Prudential Code, which demonstrate that the authority is complying with the Code in terms of affordability, prudence, sustainability, practicality, etc., in its capital activities and treasury management.

PWLB

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

Reserves

The amount held in balances and funds that are free from specific liabilities or commitments.

Revaluation

The 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 fixed assets arising from increases in value, as a result of inflation or other factors, to the extent that these gains have not been consumed by subsequent reductions in value.



Wiltshire and Swindon Fire Authority

Glossary of Terms

Revenue Expenditure

The regular day to day costs of running the organisation.

Revenue Support Grant (RSG)

The main grant paid by Central Government to a local authority towards the cost of its services.

R.I.C.S.

The Royal Institution of Chartered Surveyors.

Statement of Recommended Practice (SORP)

Recommendations on accounting practices issued by CIPFA. The Fire Authority is legally obliged to follow these recommendations.

Statement of the Movement on the General Fund Balance

This statement reconciles the surplus or deficit on the Income and Expenditure Account to the General Fund Balance.

Statement of Total Recognised Gains and Losses

This statement summarises all the Authority's gains and losses during the year.

Tangible Fixed Assets

Assets such as land, buildings, fixtures and fittings, equipment and vehicles.

Treasury Deposits

Cash surpluses invested on the money market in order to receive income from interest.

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.



Wiltshire and Swindon Fire Authority

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