



WILTSHIRE FIRE & RESCUE SERVICE

Wiltshire and Swindon Fire Authority

Statement of Accounts



2005 - 2006



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 Combined Fire Authority at the meeting held on 27 June 2006.

Signed on behalf of Wiltshire and Swindon Fire Authority:

D J Willmott
Chairman of the meeting approving the accounts

27 June 2006



Wiltshire and Swindon Fire Authority

Explanatory Foreword

Wiltshire and Swindon Fire Authority was formed on 1 April 1997 following local government reorganisation in Wiltshire.

This booklet, produced by the Treasurer, contains the Statement of Accounts for the Fire Authority for the year ended 31 March 2006.

Publication of these accounts is required under the Accounts and Audit Regulations 2003 and the Code of Practice on Local Authority Accounting, that also specify the format and content of the accounts.

The main features of the accounts are:

- ◆ The Statement of Accounting Policies which explains the basis for the figures in the accounts;
- ◆ The Revenue Account which summarises the expenditure and income of the Authority in accordance with the Best Value Accounting Code of Practice;
- ◆ The Balance Sheet which sets out the financial position of the Authority at 31 March 2006;
- ◆ The Statement of Total Movements in Reserves which summarises all the recognised gains and losses of the Authority, and separates the movements between the revenue and capital reserves; and
- ◆ The Cash Flow Statement that consolidates the movements of the Authority's funds during the year.

Summary of the Financial Year 2005/06

Revenue Spending

It is hoped that the Statement of Accounts for 2005/06 will give the reader a useful insight into the finances of the Authority.

The Authority was established in 1997 to provide a fire service for the geographical area of Wiltshire. Prior to 1 April 2004 the Authority was funded through levies from two constituent authorities, Wiltshire County Council and Swindon Borough Council. On 1 April 2004 the Authority became a precepting body in its own right, therefore receiving Government grant and setting its own council tax.

The revenue budget approved for 2005/06 was £20.830 million. Spending during the year amounted to £20.426 million, resulting in an underspending of £0.404 million at the end of the year.

The more significant underspendings can be summarised as follows:

- ◆ Wholetime firefighter salaries underspent by £67,000 as a result of a restructuring exercise within the Brigade and a number of managed vacancies.
- ◆ Expenditure on retained firefighter pay and related expenses was £169,000 lower than anticipated. In the main this is as a result of lower than expected operational activity within the year.
- ◆ Wholetime firefighter pensions costs were £285,000 less than predicted due to higher than expected employee contributions and transfer values in from other brigades.
- ◆ Transport budgets underspent by £11,000 mainly due to a lower than expected requirement for vehicle repairs and a decrease in mileage claims made.
- ◆ Budgets for Personal Protective Equipment, Community Fire Safety and Uniforms underspent by a total of £130,000 due to a restriction on non-essential expenditure towards the year-end, in line with management instruction.



Wiltshire and Swindon Fire Authority

Explanatory Foreword

- ◆ Overall income was £145,000 greater than anticipated due to a combination of improved cashflow and higher than expected miscellaneous income receipts. The improved cashflow resulted in improved returns on treasury deposits, and the increased miscellaneous income was due mainly to receipts for disposal of equipment.

At its meeting on 25 May 2006, the Authority agreed to transfer the entire underspending to a new Operational Contingency Reserve. As a result of this, the expenditure for the year was brought into line with the budget.

Capital Spending

On 1 April 2004 the new Prudential Code for Capital Finance in Local Authorities came into force. This code takes away the previous system of borrowing allocations that stipulated how much an authority was able to borrow to finance capital spend. In its place, an authority is permitted to borrow at a level that is affordable, prudent and sustainable. Affordability, prudence and sustainability are determined through the development of indicators prescribed by the Chartered Institute of Public Finance and Accountancy.

During 2005/06 the Authority agreed to borrow up to the level where government grant would support financing costs of interest and principal repayment. A level of £562,000 was therefore established and capital expenditure incurred with this limit in mind. In addition, £50,000 of slippage from the 2004/05 capital programme was also available for use within 2005/06, resulting in a total of £612,000 possible expenditure.

Capital expenditure undertaken during the year is shown on page 25. It concentrates on the Information and Communication Technology Strategy and minor capital works programme, and shows that expenditure in the year totalled £508,285, the slippage to programmed works being £103,715. These delayed projects will be finalised in 2006/07.

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

Frank Marshall
Treasurer



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 Treasurer;
- ◆ to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- ◆ to adopt the Statement of Accounts.

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in Great Britain ("the Code"), is required to present fairly the financial position of the Authority at the accounting date, and its income and expenditure for the year (ended 31 March 2006).

In preparing this Statement of Accounts, the Treasurer has:

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

The Treasurer 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.

Frank Marshall
Treasurer



Wiltshire and Swindon Fire Authority

Statement on Internal Control

Scope of Responsibility

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

In discharging this overall responsibility, the Authority is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Authority's functions and which includes arrangements for the management of risk.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurances 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 Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at the Authority for the year ended 31 March 2006 and up to the date of approval of the Statement of Accounts.

The Internal Control Environment

The key elements of the Authority's internal control environment are identified below:

Establishing and monitoring achievement of objectives

The Authority's core aims and objectives are set out in its Corporate Performance Plan. These objectives cascade into Station Plans. The Plan also sets out the arrangements for continuous improvement as originally conceived within Best Value but now embraced within organisational development.

The Service's Management Board review performance against the agreed objectives.

Facilitation of policy and decision-making

The Authority has adopted a Members' Handbook that contains the organisation's Standing Orders setting out the rules of debate, Members Code of Conduct and Code of Practice. In addition the Handbook contains the roles, responsibilities and accountabilities of Members, together with a protocol for the relationship between Members and officers.

Delegations to Committees, Regional Management Board and officers are further listed in this publication.

In addition, the Authority has adopted Financial Regulations that secure compliance with sound financial practice and ensure the proper financial administration of the Authority. The Treasurer and Monitoring Officer monitor the financial regulations.

Ensuring compliance with established policies, procedures, laws and regulations

The Authority recognises the importance of the principles of corporate governance and the need to apply them across all dimensions of the Authority's corporate activities. A review of corporate governance arrangements in line with guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) has been undertaken and a Code of Corporate Governance developed.

The Authority has also formally adopted a Whistle Blowing Policy and Anti Fraud and Corruption Policy.

The Treasurer and Monitoring Officer have specific roles to ensure that reports prepared for Authority decision comply with the financial regulatory framework.



Wiltshire and Swindon Fire Authority

Statement on Internal Control

The Authority contracts the Internal Audit services of Kennet District Council to provide an independent appraisal function to review and report on the effectiveness of the systems of internal control within the Authority. The 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 is prepared on the basis of a formal risk assessment and the Internal Auditor reports directly to the Service's Management Board and Fire Authority on both the proposed plan and the main outcomes of audit work.

The Audit Commission is the external auditor of the Authority. The Audit Commission places reliance on some of the work of internal audit, and the District Auditor has, in his Annual Audit letter, over a number of years, been complimentary about the systems of financial control in operation. Similarly, the external auditor reports his plans and delivers his Annual Report to the Authority.

The corporate risk management process

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 also developed a Corporate Risk Register. Key risks identified have been assigned to responsible officers who are charged with developing appropriate action plans to combat the risk. It is intended that the Risk Register will be reviewed continuously by a Risk Management Group in the future.

Ensuring economical, effective and efficient use of resources and for securing continuous improvement in the way in which its function is exercised

The Authority assesses its performance within a variety of indicators that are published in the Corporate Performance Plan. Some of the indicators are set nationally, others locally. The indicators allow the Authority to measure performance and progress over time with a view to promoting continuous improvement.

During 2005/06 the Authority has been reviewing its current practices in order to identify efficiency gains that are both cashable and non cashable. As prescribed, these reviews will be conducted bi-annually in order to ensure that the Authority's resources are utilised effectively and efficiently.

Financial management

The Financial Regulations govern the financial administration of the Authority.

The Authority undertakes a comprehensive annual budget setting process for both revenue and capital expenditure.

Although in previous financial years the Authority has developed a comprehensive Medium Term Financial Strategy, in 2005/06 this process was suspended while key corporate planning documents were realigned to form the basis for resource allocation over the next 3 years.

Budget monitoring information is produced within 10 days of the end of each month and shows actual and committed expenditure, against the annual revenue budget. This is reported at each Authority meeting, with monthly monitoring taking place at budget manager and Management Board levels.

Internal procedures exist to manage any major variations of expenditure from the planned budget for the year. All virements between budgets are managed through set procedures and reported to the Authority where significant.

The Authority has a scheme of delegation identifying all budget managers. Training is provided to all budget managers together with documentation in respect of their responsibilities.

Kennet District Council are contracted to carry out the Authority's investments within the guidelines of an annually approved Treasury Management Policy and Annual Investment Strategy.



Wiltshire and Swindon Fire Authority

Statement on Internal Control

All financial systems are reviewed regularly by the Authority's Internal Auditors. In doing so Internal Audit provides an independent opinion to both management and members of the Authority on the robustness and reliability of its financial systems environment.

Monthly reconciliation of the main bank accounts and main feeder systems ensure the accuracy of financial data utilised by management and the Authority.

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

Performance management

The Authority has a formal performance management framework in place that provides links to the corporate objectives. The Authority publishes its Corporate Performance Plan annually.

As detailed above, both national and local performance indicators and their targets have been established across the range of functions undertaken by the Authority. Monitoring of performance against targets is carried out at Management Board level.

Review of Effectiveness

The Authority has the responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the managers within the Authority, who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates in their annual audit letter and other reports.

The key elements of the Authority's internal control framework are:

The Authority

The key documents governing the internal control framework for the Authority are its Standing Orders, Scheme of Delegation and Financial Regulations.

Comprehensive Performance Assessment (CPA)

The Authority underwent its first Comprehensive Performance Assessment (CPA) in 2005/06. Improvements recommended by the Audit Commission have been included within the Authority's CPA Improvement Plan which is updated and monitored regularly.

Risk Management

The Risk Management Strategy was approved and adopted by the Authority in December 2005.

The Authority has also developed a Corporate Risk Register which will, in future, be reviewed continuously by a Risk Management Group.

Internal Audit

Internal Audit reviews the control framework that governs the operations of the Authority and in doing so provides an independent opinion to both management and members of the Authority on the robustness of the control environment.

The Internal Audit function of the Authority is delivered by Kennet District Council's Internal Audit Team, and their methods comply fully with the requirements of the CIPFA Code of Internal Audit.

A rolling Audit Plan is developed covering three years and is risk based. Internal Audit report half yearly to the Service's Management Board and annually to the Fire Authority.

Formal Annual Review

The Authority has yet to undertake a complete and full review of its internal control environment. This work is planned for the next financial year 2006/07.



Wiltshire and Swindon Fire Authority

Statement on Internal Control

Significant Internal Control Issues

We have been advised on the implications of the result of the review of effectiveness of the system of internal control operated by the Authority and the following plan to address significant weaknesses and ensure continuous improvement of the system.

The Authority has assessed its systems and procedures and in the vast majority of cases robust arrangements are in place. There are some areas of improvement that are highlighted below.

Corporate Governance

The Authority has undertaken a review of its corporate governance arrangements and as a result developed a Code of Corporate Governance that will be formally adopted in 2006/07. The Code commits the Authority to an annual review of its corporate governance arrangements.

Risk Management

The Authority has made significant progress in the area of risk management with the establishment of a corporate risk register, the adoption of a Risk Management Strategy and the implementation of training at both member and officer level. Further work is due to be completed in the next financial year with the establishment of a Risk Management Group which will review and monitor corporate risk.

Procurement

The Service now has in place a Strategic Procurement Officer who is developing a formal procurement strategy. Work is also planned to ensure that sound procurement practices are embedded into all areas of the Authority's purchasing activities.

Andy Goves
Chief Fire Officer

27 June 2006

DJ Willmott
Chairman of the Authority

27 June 2006



Wiltshire and Swindon Fire Authority

Independent Auditor's Report to Wiltshire and Swindon Fire Authority

Opinion on the Financial Statements

I have audited the financial statements of Wiltshire and Swindon Fire Authority for the year ended 31 March 2006 under the Audit Commission Act 1998, which comprise the Consolidated Revenue Account, the Consolidated Balance Sheet, the Statement of Total Movements in Reserves, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to Wiltshire and Swindon Fire Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective Responsibilities of the Chief Finance Officer and Auditors

The Chief Finance Officer's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005 are set out in the Statement of Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements present fairly the financial position of the Authority in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005.

I review whether the statement on internal control reflects compliance with CIPFA's guidance "The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003", published on 2 April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

I read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of Audit Opinion

I conducted my 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.



Wiltshire and Swindon Fire Authority

Independent Auditor's Report to Wiltshire and Swindon Fire Authority

Opinion

In my opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005, the financial position of the Authority as at 31 March 2006 and its income and expenditure for the year then ended.

Richard Lott

District Auditor
The Audit Commission
Westward House
Lime Kiln Close
Stoke Gifford
Bristol
BS34 8SR

29 September 2006



Independent Auditor's Report to Wiltshire and Swindon Fire Authority

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 to regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the Authority is required to prepare and publish a best value performance plan summarising the Authority's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Auditor's Responsibilities

I am 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 me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

I am required by section 7 of the Local Government Act 1999 to carry out an audit of the Authority's best value performance plan and issue a report:

- ◆ certifying that we have done so;
- ◆ stating whether we believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- ◆ where relevant, making any recommendations under section 7 of the Local Government Act 1999.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and I am satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in July 2005, 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 ending 31 March 2006, except in respect of meeting the following criteria:

- ◆ putting in place arrangements for managing its significant business risks;
- ◆ putting in place a medium-term financial strategy, budgets and a capital programme that are soundly based and designed to deliver its strategic promises; and
- ◆ putting in place arrangements for the management of its asset base.



Wiltshire and Swindon Fire Authority

Independent Auditor's Report to Wiltshire and Swindon Fire Authority

Best Value Performance Plan

I issued my statutory report on the audit of the Authority's best value performance plan for the financial year 2005/06 on 31 December 2005. I did not identify any matters to be reported to the Authority and did not make any recommendations on procedures in relation to the plan.

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.

Richard Lott
District Auditor
The Audit Commission
Westward House
Lime Kiln Close
Stoke Gifford
Bristol
BS34 8SR

29 September 2006



Statement of Accounting Policies

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 2005, and also with the guidance notes issued on the application of accounting standards (SSAPs) and Financial Reporting Standards (FRSs). All are maintained on an historic cost basis. Any significant non-compliance is disclosed in the notes that follow.

1. Fixed Assets

All of the Fire Authority's 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.

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 managers during their valuation process. All impairment losses are considered during the valuation process.

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

Buildings	60 years
Red fleet	15 or 20 years
Light vehicles	5 or 7 years
Staff cars	3 years
Equipment	3 to 7 years

Assets of the same class are revalued every five years.

2. Basis of Charging for Capital

The revenue account is charged annually with a capital charge for all fixed assets used. The Code of Practice requires that these capital charges include a provision for depreciation of the assets during the year and an interest charge comparable with the interest which could be earned on an investment of equivalent value to the assets.

3. Debtors and Creditors

The accounts for the Fire Authority 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.

4. 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 and SSAP 9. An average or standard cost is applied to calculate the cost.

5. 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 should be specific and should be charged to the revenue account where the expenditure would be incurred.

6. Pensions

The Wholetime Firefighters' Pension Scheme is a defined benefit, unfunded scheme. The annual cost of payments made under the Scheme is charged to the revenue account and contributions deducted from pay are credited there. The estimated long term liability to the Fire Authority to meet these costs is disclosed by a note to the accounts as required by FRS 17.



Wiltshire and Swindon Fire Authority

Statement of Accounting Policies

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 has now been transferred to an earmarked general reserve (see policy note 13).

Non-uniformed staff are eligible for membership of the Wiltshire Pension Fund administered by Wiltshire County Council. The accounts of this fund are included in the 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 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 FRS17 "Retirement Benefits". The adjustments necessary to comply with the requirements of FRS17 have been made to the Revenue Account, Balance Sheet and Statement of Total Movement in Reserves.

7. 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.

8. Redemption of Debt

The Authority's borrowing limit for capital purposes is based on the cumulative amount of capital expenditure it has incurred, which is at the level of the Government's Supported Capital Expenditure allocation. The borrowing limit increases each year by the amount of that year's capital allocation and reduces by the amount of that year's minimum revenue position.

9. Leasing

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

Payments under finance leases are apportioned between the interest and principal elements. Interest is charged direct to the asset management revenue account.

10. Investments

The Authority invests its working cash balances short term in the money market. This is shown in the Balance Sheet under current assets.

11. Overheads

The cost of support services is fully allocated over direct service divisions in the Revenue Account.

12. Deferred Charges

Deferred charges represent expenditure for which no tangible fixed asset exists, and for which alternative use or resale are not an option. These charges will be amortised from the balance sheet over an appropriate period related to which the Authority receives benefit from the expenditure.

13. Reserves

On 1 April 2004 the Fire Authority became a precepting authority and as such is now able to hold reserves to guard against unforeseen and therefore unbudgeted expenditure. The Authority now maintains thirteen reserves, the details of which can be found in Note 14 to the Balance Sheet.



Wiltshire and Swindon Fire Authority

Revenue Account 2005/06

The Accounting Code of Practice requires expenditure to be reported according to the CIPFA Best Value Accounting Code of Practice. The required service expenditure analysis is given in the detail below.

The presentation of the expenditure figures in this format is intended to give readers an understanding of the total cost of each integral part of the Fire Authority.

Net Expenditure 2004/05		Gross Expenditure 2005/06	Gross Income 2005/06	Net Expenditure 2005/06
£		£	£	£
3,018,317	Community Fire Safety			
1,192,957	Statutory Inspection and Certification	3,310,600	-342,082	2,968,518
	Prevention and Education	1,552,754	-178,892	1,373,862
12,051,879	Firefighting and Rescue Operations			
1,756,626	Operational Responses	13,155,197	-356,358	12,798,839
297,404	Communications and Mobilising	2,207,826	-27,037	2,180,789
	Securing Water Supplies	332,283	-28,306	303,977
94,179	Emergency Planning and Civil Defence	109,313	-6,636	102,677
1,265,403	Corporate and Democratic Core			
168,585	Corporate Management	1,480,156	-75,729	1,404,427
	Democratic Representation and Management	201,784	-11,896	189,888
0	Unapportionable Central Overheads	100,000	0	100,000
19,845,350	Net Cost of Services	22,449,913	-1,026,936	21,422,977
3,381,000	Pensions Interest Cost & Expected Return on Assets			4,839,000
-87,096	Interest and Investment Income			-105,635
-124,482	Net Expenditure on Asset Management Revenue Account			-75,529
23,014,772	Net Operating Expenditure			26,080,813
0	Transfers to/(from) Reserves:			
513,500	Usable Capital Receipts Reserve			18,900
394,000	General Reserve			100,000
47,000	Specific Reserve			-956,057
121,202	Hydrants Reserve			0
0	Rank to Role Reserve			0
0	Technical Services Manager Reserve			69,420
0	HR Advisor Reserve			39,000
0	Vehicle Leasing Reserve			106,730
0	General Reserve (Earmarked)			956,057
0	Operational Contingency Reserve			387,535
32,000	Transfers to/(from) Provisions:			
	Removals Provision			0
-3,921,393	Contribution to/(from) Pensions Reserve			-5,780,000
-355,181	Contribution to/(from) Capital Financing Account			-192,898
19,845,900	Net Expenditure for the Year			20,829,500
	Financed by:			
2,807,355	Revenue Support Grant			1,821,501
5,974,645	Non-domestic rates redistribution			7,186,416
11,063,900	Precepts			11,821,583
19,845,900				20,829,500



Notes to the Revenue Account

1 Wiltshire and Swindon Fire Authority Analysis of Expenditure by Type

In addition to the Revenue Account shown on the previous page, a more traditional analysis is given below highlighting to the reader expenditure by type.

Net Expenditure 2004/05 £		Gross Expenditure 2005/06 £	Gross Income 2005/06 £	Net Expenditure 2005/06 £
	Employees			
7,286,417	Wholetime Members of Brigade	7,433,838		7,433,838
2,536,170	Retained Members of Brigade	2,743,167		2,743,167
586,277	Control Room Staff	654,314		654,314
1,608,127	Support Staff	1,843,884		1,843,884
671,900	Other Employee Expenses	802,842		802,842
2,473,592	Wholetime Members of Brigade Pensions	3,540,172	-907,609	2,632,563
289,065	Support Staff Pensions	341,805		341,805
862,248	Premises	863,410		863,410
526,987	Transport	612,702		612,702
986,498	Supplies and Services	1,583,412	-119,327	1,464,085
27,901	Agency and Contracted Services	183,198		183,198
252,841	Support Services	258,746		258,746
414,254	Special Projects	455,213		455,213
634,752	Leasing Charges	628,370		628,370
688,321	Capital Charges	504,840		504,840
19,845,350	Net Cost of Services	22,449,913	-1,026,936	21,422,977
3,381,000	Pensions Interest Cost & Expected Return on Assets			4,839,000
-87,096	Interest and Investment Income			-105,635
-124,482	Net Expenditure on Asset Management Revenue Account			-75,529
23,014,772	Net Operating Expenditure			26,080,813
	Transfers to/(from) Reserves:			
0	Usable Capital Receipts Reserve			18,900
513,500	General Reserve			100,000
394,000	Specific Reserve			-956,057
47,000	Hydrants Reserve			0
121,202	Rank to Role Reserve			0
0	Technical Services Manager Reserve			69,420
0	HR Advisor Reserve			39,000
0	Vehicle Leasing Reserve			106,730
0	General Reserve (Earmarked)			956,057
0	Operational Contingency Reserve			387,535
	Transfers to/(from) Provisions:			
32,000	Removals Provision			0
-3,921,393	Contribution to/(from) Pensions Reserve			-5,780,000
-355,181	Contribution to/(from) Capital Financing Account			-192,898
19,845,900	Net Expenditure for the Year			20,829,500
	Financed by:			
2,807,355	Revenue Support Grant			1,821,501
5,974,645	Non-domestic rates redistribution			7,186,416
11,063,900	Precepts			11,821,583
19,845,900				20,829,500



Wiltshire and Swindon Fire Authority

Notes to the Revenue Account

2 Capital Charges

A capital charge is made to the Revenue Account in respect of all fixed assets used in the delivery of the service. This charge covers depreciation plus notional interest charged against the value of the fixed assets. The latter has been calculated at 3.5% of the value of assets held during the year.

This figure does not include an amount of £137,286 which has been charged to Collaboration (Special Projects).

3 The Asset Management Revenue Account

This account contains the notional income arising from the charge to the Revenue Account for the cost of using capital assets and includes depreciation and notional interest. The net expenditure on this account represents the difference between the interest charged to the Revenue Account through the capital charges and the interest actually paid by the Authority.

In 2005/06 the interest paid was £193,474 (£167,673 in 2004/05), and therefore the expenditure is represented by a capital charge of £269,003 (£292,155 in 2004/05).

4 Special Projects

These projects are shown separately, portraying their running costs including any relevant capital charges.

	£
Collaboration (ESCC Building)	385,808
Best Value	14,104
Integrated Risk Management	26,424
Cadet Scheme	4,278
Regional Initiatives	24,599
Total special projects	455,213

5 Operating Leases

The Authority has the use of certain assets under the terms of an operating lease. All operating leases apply to the vehicles fleet only.

An analysis of lease expiry is provided below:

	Value of Leases £
Expiry by 31 March 2007	33,994
Expiry by 31 March 2008	5,494
Expiry by 31 March 2009	62,168
Expiry by 31 March 2010	13,853
Expiry by 31 March 2011	15,019
Expiry due after 5 years	604,572
Total value of operational leases held at 31 March 2006*	735,100
Total value of operational leases held at 31 March 2005	634,509

* The total value of operational leases as at 31 March 2006 includes an estimation of rental costs for 2005/06 which has been accrued for as a creditor adjustment in the accounts. This is due to the delay in appointing a leasing advisor and the resulting uncertainty as to rental costs for the year.



Wiltshire and Swindon Fire Authority

Notes to the Revenue Account

Anticipated leasing costs in the following two financial years are:

	£
2006/07	801,600
2007/08	882,000

6 Expenditure on Publicity

In accordance with the requirements of section 5(1) of the Local Government Act 1986, the Authority's spending on publicity was as follows:

2004/05		2005/06
£		£
29,922	Recruitment advertising	28,838
2,221	Other advertising	907
12,500	Other publicity	233
44,643	Total Expenditure on Publicity	29,978

7 Income from Bodies Under the Local Authority (Goods and Services) Act 1970

This Act provides for public bodies to provide goods and services to one another on a trading basis. In 2005/06 the Fire Authority's income from activities covered by this Act was £14,711 (£17,343 in 2004/05).

8 Pensions for Uniformed Fire Personnel

Uniformed firefighters are eligible to join the national pension scheme for firefighters. This is an unfunded scheme and provides members with benefits related to length of service and final salary and is a 'defined benefit' scheme.

For 2005/06 the cost of pensions and other benefits for uniformed fire personnel amounted to £2.291 million, representing 35.49% of pensionable pay (£2.256 million, or 35.16% of pensionable pay in 2004/05).

The adjustments made to the Revenue Account in accordance with accounting standard FRS17 are based on the following assessments made by the actuary:

- ♦ Current service (pension) cost of £2.8 million (43.38% of pensionable pay). The figure for 2004/05 was £2.7 million (42.08% of pensionable pay).
- ♦ Interest cost of pension liabilities of £4.8 million (£3.4million in 2004/05).

To enable the above assessments to be made the actuary made assumptions on the following items:

- ♦ Rates of normal / ill health retirements.
- ♦ Rates of mortality.
- ♦ Rates of withdrawal from the scheme.
- ♦ Proportions married.
- ♦ Age difference between husband and wife.
- ♦ Allowance for financial factors such as price, salary and pension increases.



Wiltshire and Swindon Fire Authority

Notes to the Revenue Account

9 Pensions for Other Employees

All staff other than uniformed firefighters are eligible to join the Local Government Pension Scheme (LGPS). The scheme is administered by Wiltshire County Council and is called the Wiltshire County Council Pension Fund. The fund provides members with benefits related to the length of service and final salary. It is a defined benefit scheme.

In 2005/06 the Authority paid an employer's contribution of £303,797, representing 15.04% of employees' pensionable pay, into the Fund (£227,520 or 13.34% of pensionable pay in 2004/05). The contribution rate is determined by the Fund's actuary based on triennial actuarial valuations, the last review being at 31 March 2004. Under Pensions Regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund.

In addition, the Authority is responsible for all pension payments relating to the added years benefits it has awarded, together with the related increases. In 2005/06 these amounted to £2,402, representing 0.12% of pensionable pay (£1,083 or 0.06% in 2004/05).

The adjustments made to the Revenue Account in accordance with accounting standard FRS17 are based on the following assessments of the Fund by the actuary:

- ◆ Current service (pension) cost of £337,000 (16.68% of pensionable pay). The figure for 2004/05 was £296,000 (17.35% of pensionable pay).
- ◆ Interest cost of pension liabilities of £350,000 (£263,000 in 2004/05).
- ◆ Expected return on assets held by the scheme of £311,000 (£282,000 in 2004/05).
- ◆ There were no past service/curtailment costs (arising from early retirement enhancements) in the year (nil in 2004/05).

Further information can be found in the Wiltshire County Council's Annual Pension Report, which is available on request from the Wiltshire County Council's Pension Section, Finance Department, County Hall, Trowbridge, Wiltshire, BA14 8JJ.

Please see additional note on net pensions assets/liabilities in the Notes to the Balance Sheet.

10 Minimum Revenue Provision for the Repayment of External Loans

Following the introduction of the Prudential Code for capital finance in local authorities, with effect from 1 April 2004, the calculation of the amount that the Authority is required by statute to set aside as a minimum revenue provision (MRP) for the redemption of debt was changed. The Authority is now required to set aside 4% of its Capital Finance Requirement. For 2005/06 the calculation of the Authority's Capital Finance Requirement and its MRP is as follows:



Wiltshire and Swindon Fire Authority

Notes to the Revenue Account

2004/05 £		2005/06 £
	Capital Financing Requirement as at 1 April:	
8,727,875	Fixed assets	8,201,907
-8,917,633	Fixed asset restatement account	-8,420,021
4,259,150	Capital financing account	4,614,331
4,069,392	Capital Financing Requirement	4,396,217
109,427	Adjustment Factor A	109,427
4,178,819	Adjusted Capital Financing Requirement	4,505,644
167,153	Minimum revenue provision	180,226

11 Officers' Emoluments

The Accounts and Audit Regulations 2003 require the disclosure of the numbers of officers whose remuneration in 2005/06 exceeded £50,000, analysed in bands of £10,000.

Total Remuneration in 2004/05		Total Remuneration in 2005/06	
Number of Officers	Remuneration bands	Number of Officers	
	£90,000 - £99,999	1	
1	£80,000 - £89,999		
1	£70,000 - £79,999	2	
	£60,000 - £69,999		
2	£50,000 - £59,999	8	

12 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 Local Authorities, Pension Funds, Members and Chief Officers.

Details of transactions involving Local Authorities and Pension Funds are given throughout the Statement of Accounts and the significant ones can be summarised as follows:



Wiltshire and Swindon Fire Authority

Notes to the Revenue Account

		£
<u>Contributions from Central Government</u>		
Revenue Support Grant		1,821,501
Non-domestic rates redistribution		7,186,416
<u>Precepts from Local Authorities</u>		
Kennet District Council		1,526,061
North Wiltshire District Council		2,450,400
West Wiltshire District Council		2,309,029
Salisbury District Council		2,270,870
Swindon Borough Council		3,265,223
<u>Payments to Wiltshire County Council</u>		
Payroll/Pensions Administration		52,891
Personnel Advice		8,000
<u>Payments to Swindon Borough Council</u>		
Legal Advice		13,874
<u>Payments to Kennet District Council</u>		
Treasury Management and Internal Audit Services		23,222
<u>Payments to Councils - Non domestic rates</u>		
Kennet District Council		78,126
North Wiltshire District Council		40,373
West Wiltshire District Council		50,610
Salisbury District Council		38,414
Swindon Borough Council		96,238
<u>Payments to Wiltshire Constabulary</u>		
Emergency Services Control Centre		243,651
<u>Payments to Wiltshire County Council Pension Fund</u>		
Employer's Contributions		303,797

Nine Members of the Authority have declared external interests and the details of these have been recorded in the Members' Register of Interests.

Of the eight officers required to declare external interests, three have recorded in the affirmative and disclosed relevant details.



Wiltshire and Swindon Fire Authority

Notes to the Revenue Account

13 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. Some of the travel and subsistence payments to Mr D J Willmott were made on behalf of the Local Government Association and were subsequently reimbursed to the Authority by the Association.

Name	Type of Allowance				Total Allowances £
	Basic £	Special Responsibility £	Co-optees £	Travel & Subsistence £	
Albinson, A	1,058				1,058
Atfield, B E	114			27	141
Barker, D			120	86	206
Carine, J			240	75	315
Chettleburgh, B	503			80	583
Dart, G D	1,058	1,954		1,738	4,750
Davis, P R	1,058	1,954		313	3,325
Dilley, M J	31	1,617		594	2,242
Hall, R	924			344	1,268
Humphries C P	1,058			153	1,211
Lister, C O	1,058			258	1,316
Molland, T	924			180	1,104
Moore, A	114			110	224
Newbury, C	137			14	151
Osborn, J	956				956
Rugg, P	1,058				1,058
Sturgis, T R	137				137
Taylor, M	137	50		7	194
White, M	31			331	362
Willmott, D J	1,419	6,512		4,935	12,866
Wren, D	145	261		167	573
Total	11,920	12,348	360	9,412	34,040

14 External Auditor Fees

The following amounts have been charged by the Authority's external auditor, the Audit Commission, for work undertaken during the year:

2004/05 £		2005/06 £
	Code of Audit Practice Services:	
13,111	- Accounts	37,843
15,128	- Financial aspects of corporate governance	0
17,784	- Performance	0
0	- Use of Resources	10,669
16,500	National study - modernisation of the fire service	0
450	National Fraud Initiative	0
0	FRS17 Admitted Body Assurance	549
62,973	Total payments to Audit Commission	49,061



Wiltshire and Swindon Fire Authority

Balance Sheet as at 31 March 2006

2004/05 £		Note	2005/06 £	2005/06 £
8,201,907	Fixed Assets	1		7,524,781
0	Long Term Debtors	2		0
8,201,907				7,524,781
	Current Assets			
177,824	Stocks	3	208,408	
813,288	Debtors	4	1,708,970	
1,385,000	Short Term Investments	5	2,620,000	
2,376,112				4,537,378
	Current Liabilities			
-933,489	Creditors	6	-786,461	
-268,199	Cash Overdrawn		-1,305,088	
-1,201,688				-2,091,549
1,174,424	Net Current Assets			2,445,829
9,376,331	Total Assets less Current Liabilities			9,970,610
-3,857,000	Long Term Borrowing	7		-4,419,000
-90,151,000	Net Liability related to Defined Benefit Pension Schemes	15		-106,147,000
-84,631,669	Total Assets less Liabilities			-100,595,390
8,420,021	Fixed Asset Restatement Account	9		7,608,994
-4,614,331	Capital Financing Account	10		-4,807,228
0	Usable Capital Receipts Reserve	14		18,900
513,500	General Reserve	14		613,500
956,057	Specific Reserve	14		0
47,000	Hydrants Reserve	14		47,000
121,202	Rank to Role Reserve	14		121,202
75,882	Procurement Strategy Reserve	14		57,134
-90,151,000	Pensions Reserve	15		-106,147,000
0	Collaboration Reserve	14		295,001
0	Removals Reserve	14		10,247
0	IRMP Reserve	14		18,527
0	Precepting Reserve	14		9,591
0	Vehicle Leasing Reserve	14		106,730
0	General Reserve (Earmarked)	14		956,057
0	HR Advisor Reserve	14		39,000
0	Technical Services Manager Reserve	14		69,420
0	Operational Contingency Reserve	14		387,535
-84,631,669	Total Equity			-100,595,390



Notes to the Balance Sheet

1 Fixed Assets

1.1 Capital Expenditure and Financing

2004/05 £		2005/06 £
4,069,392	Opening capital financing requirement	4,396,217
	<u>Capital investment during the year - operational assets</u>	
0	Land and Buildings	0
310,366	Operational Equipment	122,524
312,073	Minor Capital Works	385,761
-5,047	Deferred Liability	-1,262
	<u>Sources of finance</u>	
-167,153	Minimum revenue provision	-180,226
-123,414	Contribution from revenue	0
4,396,217	Closing capital financing requirement	4,723,014
	<u>Explanation of movement in year</u>	
326,825	Increase in underlying need to borrow (supported by Government assistance)	326,797
326,825	Increase/(decrease) in capital financing requirement	326,797

1.2 Statement of Physical Assets

This statement indicates the broad categories of fixed assets owned by the Fire Authority. The Code of Practice only requires that a broad summary of assets should be shown.

2004/05		2005/06
	Buildings (numbers)	
24	Fire Stations	24
4	Other Premises	4
28	Total Premises	28
	Vehicles, Plant and Equipment (numbers)	
37	Appliances	42
4	Emergency Tenders	4
4	Water Carriers	4
3	Prime Movers (including Damage Control Unit PODs)	3
3	Pump Platforms/Turntable Ladders	2
1	Instant Command Vehicles	1
61	Other Operational Vehicles	61
113	Total Vehicles, Plant and Equipment	117

The useful lives of assets vary in length with vehicles ranging between 3 and 15 years, equipment between 3 and 7 years and the remaining lives of buildings ranging between 25 and 50 years.



Notes to the Balance Sheet

1.3 Valuation of Fixed Assets

Fixed assets are included in the Balance Sheet at their existing use value, as described in the Statement of Accounting Policies. An analysis is given below. Valuations are carried out by Dreweatt Neate Chartered Surveyors, who are RICS qualified.

The last valuation of land and buildings was carried out in March 2002, and covered all the Service's properties in order to identify for the first time residual values and depreciation charges. Further valuations will be carried out every five years.

Balance Sheet Value 2004/05 £		Balance Sheet Value 2005/06 £
6,639,734	Land and Buildings	6,603,250
834,303	Operational Vehicles	467,229
727,870	Operational Equipment	454,302
8,201,907	Total asset value	7,524,781

1.4 Fixed Asset Transactions

Movements in fixed assets during the year were:

	Operational assets				Total £
	Land and buildings £	Vehicles £	Equipment £	Minor capital works £	
Gross Book Value 01/04/05	7,521,000	4,658,954	1,665,412	0	13,845,366
Expenditure in year	0	0	122,524	385,761	508,285
Disposals in year	0	-1,120,341	-485,938	-385,761	-1,992,040
Revaluations	0	0	0	0	0
Gross Book Value 31/03/06	7,521,000	3,538,613	1,301,998	0	12,361,611
Depreciation to 01/04/05	-881,267	-3,824,650	-937,542	0	-5,643,459
Depreciation for year	-36,483	-186,486	-150,154	0	-373,123
Depreciation written off	0	939,752	240,000	0	1,179,752
Depreciation to 31/03/06	-917,750	-3,071,384	-847,696	0	-4,836,830
Net Book Value 31/03/06	6,603,250	467,229	454,302	0	7,524,781

Although expenditure took place in 2003/04 in respect of the building and equipping of the Wiltshire Emergency Services Control Centre, the value of the asset has not been included within the balance sheet of the Authority. The Centre, although a collaboration of the three Wiltshire emergency services in funding terms, is owned by the Wiltshire Police Authority.

1.5 Future Capital Commitments

There are no future capital commitments.



Notes to the Balance Sheet

2 Long Term Debtors

There are no long term debtors.

3 Stocks

2004/05		2005/06
£		£
125,033	Uniforms and Protective Clothing	147,269
46,266	Operational Equipment	55,505
6,525	Fuel	5,634
177,824	Total Stock Held as at 31 March	208,408

4 Debtors

These represent sums of money owed to the Fire Authority for supplies and services provided before 31 March 2006 but not received at that date, or where the Authority has made payments in advance.

2004/05		2005/06
£		£
576,583	General Debtors	1,332,848
236,705	Payments in Advance	376,122
813,288	Total Debtors	1,708,970

5 Short Term Investments

The treasury management function is performed by Kennet District Council on behalf of the Authority and surplus cash is invested on a short term basis in accordance with the CIPFA Code of Practice for Treasury Management in Local Authorities.

2004/05		2005/06
£		£
1,385,000	Short Term Investments	2,620,000

6 Creditors

These represent sums owed by the Fire Authority for supplies and services received before 31 March 2006, but not paid for at that date.

2004/05		2005/06
£		£
566,369	General Creditors	786,461
295,001	Provision for Collaboration	0
25,124	Provision for Integrated Risk Management	0
9,591	Provision for Precepting	0
37,404	Provision for Removals	0
933,489	Total Creditors	786,461

Four provisions existed within the accounts as at 1 April 2005. These provisions have now been reclassified as earmarked reserves. An explanation of the balances held in these reserves is given in Note 14 below.



Notes to the Balance Sheet

7 Long Term Borrowing

2004/05 £		2005/06 £
3,857,000	Public Works Loans Board	4,419,000
0	Analysis of Loan Maturity	0
730,000	Between 1 and 2 years	1,030,000
3,127,000	Between 2 and 7 years	3,389,000
0	Between 7 and 15 years	0
0	More than 15 years	0

8 Deferred Liability

Deferred liabilities refer to liabilities which are paid off by annual sums over a period of time. Below details two such liabilities incurred due to the hire purchase of two telephone systems.

2004/05 £		2005/06 £
-6,309	Balance as at 1 April	-1,262
5,047	Adjustments and acquisitions during year	1,262
-1,262	Balance as at 31 March	0

The liability was paid off fully during 2005/06.

9 Fixed Asset Restatement Account

The Fixed Asset Restatement Account reflects any surpluses or deficits on the Balance Sheet arising from valuations, acquisitions and disposals.

2004/05 £		2005/06 £
8,917,633	Balance as at 1 April	8,420,021
0	Revaluation adjustment	0
-497,612	Acquisitions and disposals during year	-811,027
8,420,021	Balance as at 31 March	7,608,994

10 Capital Financing Account

Normal accounting practice is for the Capital Financing Account to be 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 less depreciation.

2004/05 £		2005/06 £
-4,259,150	Balance as at 1 April	-4,614,331
167,153	Minimum revenue provision	180,226
-522,334	Provision for depreciation	-373,123
0	Revenue funding	0
-4,614,331	Balance as at 31 March	-4,807,228



Notes to the Balance Sheet

11 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, one such area 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. While the first case was dismissed by the Tribunal and the Court of Appeal, the Fire Brigades Union have sought a House of Lords ruling on this matter. This may mean the payment of the retained members of the Service in line with wholetime firefighters' salaries and other terms and conditions.

From 1 April 2006 a new Firefighters' Pension Scheme will be implemented. Retained firefighters will be eligible to join this scheme. A ruling on the above could allow retained firefighters to be included in the pre-1 April 2006 Firefighters' Pension Scheme. This could also allow a backdated inclusion in the scheme.

The former issue is currently expected to cost the Service £300,000. This does not include the costs incurred in the administration of the new rules.

An estimation of the cost of the retained firefighters entering the pre-1 April 2006 Firefighters' Pension Scheme has not been possible. Due to the nature of the Scheme, financial liability only materialises on retirement of an officer by way of a lump sum and continuing pension. As the number of new members and their likely retirement dates are unknown a clear evaluation of the cost was not possible.

12 Post Balance Sheet Events

Post balance sheet events occur between the balance sheet date and the date the accounts are signed by the Treasurer. Events which have a material effect on the accounts must be disclosed in a note to the accounts.

There were no post balance sheet events which would affect the 2005/06 accounts.

13 Euro Costs

No specific expenditure was made during the year in respect of Euro preparation.

14 Reserves

Usable Capital Receipts Reserve

During 2005/06 the Authority disposed of various assets. Assets disposed of for a value greater than £10,000 are required to be credited to a Usable Capital Receipts Reserve and can be used to finance future capital expenditure. The Authority received £18,900 such receipts during the year.

General Reserve

On 1 April 2004 the Fire Authority became a precepting authority in its own right. As part of this status, the Authority is able to hold reserves to guard against unforeseen and therefore unbudgeted expenditure.

Transfers to general reserves within 2005/06 totalled £100,000, resulting in an overall general reserve balance of £613,500.

Other Reserves



Notes to the Balance Sheet

Hydrants Reserve

The Fire Authority contracts with several water boards to carry out works within the county in respect of hydrants. Orders placed are not always actioned during the period requested or 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 has therefore been established to meet this expenditure.

Rank to Role Reserve

Due to the modernisation agenda laid down by the Government, the Authority must now enter into the process of translating each rank to a defined role. This translation will inevitably bring with it funding pressures that could not be gauged at the time of budget setting for 2006/07. The cost of this process, which includes the back payment of any salary uplift from November 2003, is currently estimated at £205,000. £121,202 has therefore been transferred into a reserve to partially fund the rank to role process.

Procurement Strategy Reserve

Towards the end of the 2003/04 financial year, the Service undertook an initial review of its procurement strategy which highlighted three areas in which smarter working practices would yield future savings.

In order to begin work on these areas during 2004/05 it was necessary to invest funds to employ a procurement specialist for a fixed term. This reserve was therefore established to set aside the funding associated with salary and other employee related costs.

An officer has now been employed by the Service and the associated costs will be funded from the reserve.

Collaboration Reserve

The collaboration reserve relates to funding set aside to finance the build and equipping of the Emergency Services Control Centre. Construction began in 2001/02 and the building is now operational.

The reserve now exists to fund equipment replacement and upgrade of the current control room facility and potential unforeseen costs associated with the establishment of the Regional Control Centre.

Integrated Risk Management Reserve

This reserve exists to fund the staffing, accommodation and other associated costs of this essential area of work.

Precepting Reserve

This reserve was established to fund the costs associated with the Authority becoming a precepting body in its own right.

Removals Reserve

This reserve was set up to fund the relocation costs of officers. Although one officer due to relocate has done so, and that part of the reserve has been used, other moves that were anticipated have not as yet happened. The remaining reserve will be carried forward against this continued liability.

Vehicle Leasing Reserve



Notes to the Balance Sheet

Due to the delay in the appointment of new leasing advisors the leasing drawdown planned for March 2006 will now take place in June of the next financial year. This reserve has been established in order to cover the cost of the 2005/06 leasing contract.

General Reserve (Earmarked)

The balance on the provision for wholetime firefighters' pensions was transferred into a Specific Reserve during 2004/05. The monies set aside in this reserve were intended to help meet the cost of pensions and commutations on retirement. As at 1 April 2005 the balance on the reserve was £956,057.

Changes to the firefighters' pension scheme will come into operation as at 1 April 2006. These changes mean that the Service will now pay a set employer's contribution towards firefighters in the Scheme. All normal retirement costs will in effect be funded by central government.

The cost of ill health retirements and injury compensation granted will be paid locally. The reserve recognises this specific liability, and guards against unforeseen events of this nature.

Human Resources Advisor Reserve

During 2005, the Authority underwent a Comprehensive Performance Assessment carried out by the Audit Commission. One of several areas for improvement was that of human resources. In order to ensure that measures are put in place to implement improvements it was necessary to recruit a personnel advisor for a fixed term of 12 months. This reserve was established to fund that appointment.

Technical Services Manager Reserve

In order to provide the Head of Technical Services with the time resource to develop the necessary strategic direction to this part of the Service, a new post of Technical Services Manager was implemented. This reserve was established to finance the cost of this 2 year appointment.

Operational Contingency Reserve

This reserve has been established from the underspending at the end of 2005/06. Its purpose is to mitigate the financial risk built into the 2006/07 revenue budget, and provide some flexibility to implement improvement strategies identified as a result of the Comprehensive Performance Assessment 2005.

15 Retirement Benefits

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.

As detailed in notes 8 and 9 to the Revenue Account, the Authority participates in two pension schemes:

- the Firefighters' Pension Scheme for uniformed personnel - this is an unfunded scheme, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due; and
- the Local Government Pension Fund for other employees, administered by Wiltshire County 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 pensions liabilities with investment assets.



Notes to the Balance Sheet

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

In 2005/06 pensions costs have been charged to the revenue account on the basis of contributions payable for the year to the Wiltshire County Council Pension Fund (based on a formal actuarial valuation for 31 March 2004) and the pensions payable in the year to retired officers.

The estimated assets and liabilities included in the Authority's Balance Sheet are as follows:

2004/05 £000		2005/06 £000
-88,200	Estimated liabilities in Firefighters' Scheme	-103,600
-6,301	Estimated share of liabilities in WCC Fund	-8,166
-94,501	Total liabilities	-111,766
4,350	Estimated share of assets in WCC Fund	5,619
-90,151	Net pensions deficit	-106,147

The Authority holds a General Reserve (Earmarked) of £956,057 (detailed in Note 14 above) to help to meet the cost of firefighters' ill health retirements.

The Firefighters' Pension Scheme had a full actuarial valuation for 31 December 2004. The last full actuarial valuation of the Wiltshire County Council Pension Fund was completed for 31 March 2004. The next full actuarial valuations for both schemes are due for 31 December 2007 and 31 March 2007 respectively. For 2005/06 the actuary has used a roll-forward approach, rebasing the results of the latest full valuations allowing for the different financial assumptions required under FRS17.

Liabilities have been valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. Both the Firefighters' Scheme and the County Council Fund liabilities have been valued by Hymans Robertson, an independent firm of actuaries. The main assumptions used in the calculations are:

	Firefighters' Scheme	County Fund
Rate of inflation	3.1%	3.1%
Rate of increase in salaries	4.6%	4.6%
Rate of increase in pensions	3.1%	3.1%
Rate for discounting scheme liabilities	4.9%	4.9%

The Firefighters' Pension Scheme has no assets to cover its liabilities. Assets in the Wiltshire County Council 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:

	2005/06 %	Long Term Return % per annum
Equity investments	70.6	7.4
Bonds	18.5	4.6
Property	9.1	4.5
Other	1.8	4.6
Total	100.0	



Notes to the Balance Sheet

The movement in the net pension liability for the year to 31 March 2006 is as follows:

	Firefighters' Scheme £000	County Fund £000	Total £000
Net pensions asset/(liability) at 1 April 2005	-88,200	-1,951	-90,151
Movements in the year:			
Current service cost	-2,800	-337	-3,137
Employers' contributions payable to scheme	2,000	295	2,295
Contributions in respect of unfunded benefits	0	1	1
Transfers in from other authorities	-100	0	-100
Transfers out to other authorities	100	0	100
Past service costs (injury benefits)	-100	0	-100
Past service costs (others)	0	0	0
Interest cost on liabilities	-4,800	-350	-5,150
Expected return on assets in the scheme	0	311	311
Actuarial gains/(losses)	-9,700	-516	-10,216
Net pensions liability at 31 March 2006	-103,600	-2,547	-106,147



Wiltshire and Swindon Fire Authority

Statement of Total Movement in Reserves

	Fixed Asset Restatement Account £000	Capital Financing Account £000	Usable Capital Receipts Reserve £000	Pensions Reserve £000	General Reserve £000	Operational Contingency Reserve £000	Earmarked Reserves £000	Total £000
Balance as at 1 April 2005	8,420	-4,614	0	-90,151	513	0	1,200	-84,632
Net Surplus/Deficit (-) for the year	0	-193	0	-5,780	0	0	0	-5,973
Transfers between reserves in the year	0	0	0	0	0	0	0	0
Reclassification of provisions to reserves	0	0	0	0	0	0	334	334
Contributions to/from revenue in the year	0	0	0	0	100	388	196	684
Actuarial gain/loss(-) in pension plan	0	0	0	-10,216	0	0	0	-10,216
Unrealised gains/losses(-) from revaluation of assets	0	0	0	0	0	0	0	0
Effect of disposal of fixed assets/ value of assets disposed	-811	0	19	0	0	0	0	-792
Balance as at 31 March 2006	7,609	-4,807	19	-106,147	613	388	1,730	-100,595

Movements on Earmarked Reserves

	Balance as at 1 April 2005 £000	Transfers between reserves £000	Reclassification of provisions to reserves £000	Contributions to/from revenue £000	Balance as at 31 March 2006 £000
Specific Reserve	956	-956	0	0	0
Hydrants Reserve	47	0	0	0	47
Rank to Role Reserve	121	0	0	0	121
Procurement Strategy Reserve	76	0	0	-19	57
Collaboration Reserve	0	0	295	0	295
Removals Reserve	0	0	10	0	10
IRMP Reserve	0	0	19	0	19
Precepting Reserve	0	0	10	0	10
Vehicle Leasing Reserve	0	0	0	107	107
General (Earmarked) Reserve	0	956	0	0	956
HR Advisor Reserve	0	0	0	39	39
Technical Services Manager Reserve	0	0	0	69	69
Total	1,200	0	334	196	1,730



Note to the Statement of Total Movement in Reserves

The actuarial gains identified as movements on the Pensions Reserve in 2005/06 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2006:

Firefighters' Pension Scheme

	2002/03		2003/04		2004/05		2005/06	
	£000	%	£000	%	£000	%	£000	%
Differences between the expected and actual return on assets	0	0.0	0	0.0	0	0.0	0	0.0
Differences between actuarial assumptions about liabilities and actual experience	1,970	3.4	6	0.0	-5,800	-6.6	500	0.5
Changes in the demographic and financial assumptions used to estimate liabilities	0	0.0	0	0.0	-17,185	-19.5	-10,200	-9.8
Actuarial gains/(losses)	1,970		6		-22,985		-9,700	

County Fund

	2002/03		2003/04		2004/05		2005/06	
	£000	%	£000	%	£000	%	£000	%
Differences between the expected and actual return on assets	-1,197	-39.0	311	8.0	-22	-0.5	766	13.6
Differences between actuarial assumptions about liabilities and actual experience	-42	-1.0	93	2.0	90	1.4	-135	-1.7
Changes in the demographic and financial assumptions used to estimate liabilities	0	0.0	0	0.0	-1,253	-19.9	-1,147	-14.0
Actuarial gains/(losses)	-1,239		404		-1,185		-516	



Wiltshire and Swindon Fire Authority

Cashflow Statement 2005/06

The Accounts and Audit Regulations require local authorities to produce a statement of source and application of funds. The Cash Flow Statement satisfies this requirement. The Statement includes all the Fire Authority's operations, revenue and capital, excluding internal transactions. It therefore shows total receipts and total payments, and how the difference between the two was financed.

2004/05		2005/06	2005/06
£		£	£
	<u>Revenue Activities</u>		
	<i>Cash outflows</i>		
-15,841,853	Cash paid to and on behalf of employees	-16,444,050	
-4,372,423	Other operating costs	-4,476,376	-20,920,426
	<i>Cash inflows</i>		
2,807,355	Revenue Support Grant	1,821,501	
5,974,645	Non-domestic rates redistribution	7,186,416	
11,063,900	Precepts	11,821,583	
1,619,655	Cash received for goods and services	131,254	20,960,754
1,251,279	Net Revenue Position		40,328
	<u>Returns on Investments and Servicing of Finance</u>		
	<i>Cash outflows</i>		
-3,335	Interest paid	-1,567	
	<i>Cash inflows</i>		
63,367	Interest received	105,635	104,068
	<u>Capital Activities</u>		
	<i>Cash outflows</i>		
-543,025	Purchase of fixed assets		-508,285
768,286	Net Cash Inflow/Outflow(-) before Financing		-363,889
	<u>Management of Liquid Resources</u>		
	<i>Cash outflows</i>		
-1,385,000	Net increase in short term deposits		-1,235,000
	<u>Financing</u>		
	<i>Cash inflows</i>		
561,000	New loans raised		562,000
-55,714	Net Increase/Decrease(-) in Cash		-1,036,889
	Represented by :		
-55,714	Increase(-)/Decrease in Cash Overdrawn		-1,036,889



Wiltshire and Swindon Fire Authority

Notes to the Cash Flow Statement

1 Reconciliation of Revenue Cash Movements to the Revenue Account

2004/05		2005/06	2005/06
£		£	£
0	Surplus/Deficit on Revenue Account		0
	Adjustments for Accruals		
0	Movement in deferred charges	0	
188,736	Movement in debtors	-895,682	
32,544	Movement in stock	-30,585	
-28,160	Movement in creditors	-147,028	
3,785	Adjustment in deferred liability	1,262	
0	Net reduction in car loans outstanding	0	-1,072,033
	Adjustments for items shown elsewhere in statement		
-60,032	Net interest received		-104,068
152,664	Minimum Revenue Provision for credit liabilities		180,226
0	Revenue financing of capital expenditure		0
961,742	Movement in reserves		1,036,203
1,251,279	Net Movement from Revenue Activities		40,328

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

2004/05		2005/06
£		£
-55,714	Net increase/decrease(-) in cash	-1,036,889
-561,000	New loans raised	-562,000
1,385,000	Net increase/decrease(-) in short term deposits	1,235,000
768,286	Movement in Net Debt	-363,889
-3,508,485	Net Debt at 1st April	-2,740,199
-2,740,199	Net Debt at 31st March	-3,104,088

3 Reconciliation of items under the Financing and Management of Liquid Resources sections to the opening and closing balance sheets

Movement		Balance Sheet	Balance Sheet	Movement
2004/05		01/04/2005	31/03/2006	2005/06
£		£	£	£
1,385,000	Management of Liquid Resources			
	Short term deposits	1,385,000	2,620,000	1,235,000
-561,000	Financing			
	New loans raised	-3,857,000	-4,419,000	-562,000