



DEVON & SOMERSET
FIRE & RESCUE AUTHORITY

Statement of accounts 2015 - 2016



CONTENTS

	Page	Note	Page
Contents	2	12 Financial Instruments	26
Narrative Report	3	13 Inventories	28
Statement of Responsibilities for the Accounts	8	14 Debtors	28
Certificate of the Approval of the Accounts	8	15 Cash and Cash Equivalents	28
Statement of Accounting Policies	9	16 Creditors	29
		17 Provisions	29
<u>Financial Statements</u>		18 Usable and Unusable Reserves	30
Comprehensive Income and Expenditure Statement	17	19 Cash Flow Statement Notes	34
Balance Sheet	18	20 Amounts reported for resource allocation decisions	34
Cash Flow Statement	19	21 Members' Allowances	35
Statement of Movement in Reserves	20	22 Officers' remuneration	35
		23 External Auditor Fees	37
<u>Notes to the Financial Statements</u>		24 Grant Income	37
1 Accounting Standards issued but not adopted.	21	25 Related Party Transactions	38
2 Critical Judgements in applying Accounting Policies	21	26 Capital Expenditure and Capital Financing	39
3 Assumptions made about the future and other major sources of estimation uncertainty	21	27 Leases	39
		28 Private Finance Initiatives and similar contracts	40
4 Material items of income and expense	22	29 Impairment Losses	40
5 Events after the Balance Sheet date	22	30 Pension Schemes	41
6 Adjustments between accounting basis and funding basis under regulations	22	31 Contingent Liabilities	45
		32 Risks arising from financial instruments	45
7 Prior period adjustment	23		
8 Other Operating Expenditure	23	The Pension Fund	47
9 Financing and Investment Income and Expenditure	23	Glossary of Terms	48
10 Taxation and Non Specific Grant Incomes	23	Certification of issue	50
11 Property, Plant and Equipment	24	Independent Audit Opinion	See web-site

Devon & Somerset Fire & Rescue Authority - STATEMENT OF ACCOUNTS 2015/16

NARRATIVE REPORT

Introduction

The purpose of these Accounts is to advise stakeholders of the financial performance of the Authority for the financial year ending 31 March 2016. The Accounts are presented in compliance with International Financial Reporting Standards (IFRS). The Accounts are prepared on the basis of a going concern given that the Authority has sufficient resources to fund its financial obligations and has no concerns of its financial viability over the medium term.

The Accounts and Audit Regulations 2015 include a new requirement that local authorities are to include a Narrative Report within their financial statements. This replaces the previous requirement to include an Explanatory Foreword. The main purpose of the report is to provide an explanation of the financial position of the authority and assist in the interpretation of the financial statements.

However the new requirement under regulation 8(2) of the Accounts and Audit Regulations 2015 stipulates that a local authority must provide information on its "financial performance and economy, efficiency and effectiveness in its use of resources over the financial year". Therefore this report now includes a new section to provide readers with an overview of how the use of resources have contributed to the performance and development of the authority during the financial year.

Information on the financial performance of the authority includes four key accounting statements;

Movement in Reserves Statement - This statement shows the movement in the year on all of the different reserves held by the Authority. The reserves are reported under two broad headings; "usable reserves" (which can be used to fund expenditure or reduce local taxation) and "unusable reserves" (which recognise non-cash transactions in/out of reserves e.g. revaluation of an asset.)

Comprehensive Income & Expenditure Statement - This statement reports the cost of providing services based upon generally accepted accounting principles. This cost will differ from the actual expenditure funded from taxation, as there are some costs e.g. depreciation of assets, which are not required to be funded from taxation.

Balance Sheet - This records the assets and liabilities of the Authority as at the end of the financial year.

Cash Flow Statement - This statement shows the movement in cash and cash equivalents during the year. It illustrates how the Authority generates and uses cash and cash equivalents, analysed by operating, investing and financing activities.

Financial Performance for the year

Economic Context

The government has restated its intention to eliminate the structural deficit during the course of the current 5 year parliament and bring into surplus by 2019-20. For an unprotected Service, such as the Fire Service, this means further reductions in local government funding until at least 2019-20. For this Authority the latest Local Government Finance Settlement includes a four-year offer of a reduction in funding of 25% by 2019-20 representing a cash reduction in funding of £7.3m.

Against this backdrop it is imperative for Authority Medium Term Financial Plans to be focused on providing forecasts of budget savings required to 2019-20. So far the Authority has responded well based upon a strategy which has been focused around the three key areas of improving efficiency, reducing costs and increasing income generation. Total recurring budget savings of £12m have already been delivered since 2010. The 2013 Corporate Plan approved by the Authority at its meeting in July 2013 included eleven proposals which when fully implemented will deliver total savings of £6.8m. Because the release of these savings are dependent on natural staff turnover it had always been anticipated that it would take several years to deliver all of these savings. Some of these savings therefore are still to be released after 2016 and will therefore be available to contribute towards future savings requirements. However it is not anticipated that this provide all of the required savings and therefore further savings will need to be identified.

The Service is well ahead in terms of identifying a range of projects to deliver the required savings and will endeavour to implement as soon as possible in order to secure savings at the earliest opportunity. However some projects will take longer than others to deliver cashable savings and it is likely therefore that there will be some call on reserve balances during the next four years to assist in setting a balanced budget.

The Authority has established an Earmarked Reserve specifically to provide funding to enable a smoothing of the impact of the grant reductions over the next 4 years. It is considered that this reserve will also provide required financial contingency against any unforeseen change in circumstances during the next 4 years.

NARRATIVE REPORT

Revenue Spending in 2015/16

Net revenue spending in 2015-16 was £72.8m, compared to an agreed budget of £74.7m, resulting in an underspend of £1.9m. Table 1 below provides a summary of revenue spending in 2015-16 compared with agreed budget headings.

TABLE 1 – SUMMARY OF REVENUE SPENDING 2015-16

	Budget	Spending	Variance
	£m	£m	£m
Employee Costs	55.1	54.4	(0.7)
Premises Related Costs	4	3.8	(0.2)
Transport Related Costs	3.4	3.0	(0.4)
Supplies and Services	5.8	5.0	(0.8)
Establishment Expenses	0.8	0.6	(0.2)
Payments to Other Authorities	0.6	0.6	0.0
Capital Financing	5.8	4.3	(1.5)
Gross Spending	75.5	71.7	(3.8)
Income	(4.3)	(4.6)	(0.3)
Transfer to Reserves	3.5	5.7	2.2
Net Spending	74.7	72.8	(1.9)
Funded By:			
Council Tax Precept	(45.3)		
Business Rates Redistribution	(14.4)		
Central Government Funding	(15.0)		
Total Funding	(74.7)		

An underspend of £1.9m, equivalent to 2.5% of the total revenue budget, has largely been achieved as a consequence of the further implementation of the eleven savings proposals, agreed as part of the 2013 Corporate Plan, which are being delivered over a number of years aligned to natural turnover of staff. In addition, budget managers have responded to the instruction given by the Chief Fire Officer to deliver in-year savings.

Contributions to Earmarked Reserve

At the Fire Authority meeting held on the 26 May 2016 it was agreed that the net underspend of £1.9m be transferred to Earmarked Reserves as shown below. Further detail on all Earmarked Reserve balances is included in Note 18 to the financial statements.

Essential Spending Pressures (£0.6m) – An amount of £0.557m has been earmarked to fund seven identified one-off spending pressures for which no funding has been provided in the 2016-17 base budget.

Direct Funding for Capital Spending (£1.3m) – The remaining underspend of £1.3m to be transferred to the existing Capital Reserve to be used to fund future capital spending therefore reducing future borrowing requirements.

These new contributions, together with in-year transfers to Reserve balances, has increased total Reserves from £23.7m at the beginning of the year to £29.8m as at 31 March 2016, of which £24.5m relates to Earmarked Reserves (committed) and £5.3m to General Reserves (uncommitted).

Contributions to Provisions

The reported spending for 2015-16 includes an additional provision of £66k set aside to fund future firefighter pension costs, which increases the total Provision for future firefighter pension costs to £694k as at 31 March 2016. This balance is considered to be sufficient to fund any costs resulting from case law relating to pensionable allowances and has been based upon information received from the National Employers Council relating to compensatory payments to be made to individual fire-fighters and internal calculations of employer's pension.

Capital Expenditure and Financing 2015/16

The financial statements include capital spending of £6.1m in 2015-16 of which £1.1m has been spent on improvements to fire stations and £5m on replacement fleet and equipment, primarily focused on the continued roll-out of the new concept of replacing the traditional fire appliance with a much smaller type of fire appliance known as a Light Rescue Pump.

Aligned to the Authority strategy to avoid any new external borrowing to fund medium term capital spending, no new borrowing was taken out in 2015-16. Of the total spending of £6.1m an amount of £5m was funded from existing borrowing and the remaining £1.1m from the revenue budget and earmarked reserves.

Authority Borrowing

External borrowing from the Public Works Loan Board (PWLb) as at 31 March 2016 was £25.8m, a reduction of £0.1m from the figure at the beginning of the financial year as a result of principal repayments. All of this debt is at fixed rates which protects interest costs from adverse changes in interest rates in the future.

This debt level is well within the maximum debt level of £29.5m, set by the Authority at the beginning of the financial year as one of its prudential indicators for capital financing.

NARRATIVE REPORT

Pension Liabilities

As at 31 March 2016 the Authority pension liability has been calculated to be £658.1m. This is based on an actuarial assessment and represents accrued benefits of members of the pension schemes that the Authority participates in; the Fire-fighter Pension Schemes (operational staff) and the Local Government Pension scheme (civilian staff). Further details of the assets and liabilities of each scheme are included in note 30 of these Accounts.

The impact of reporting pension assets and liabilities, under the current accounting standards (IAS19), is that all fire and rescue authorities, and also police authorities, find themselves in the position of reporting significant net liability position in the balance sheet. This is because the Fire-fighter Pension Scheme is not a funded scheme, unlike the Local Government Scheme, and therefore has no reported assets to meet future pension costs. It should be emphasised that this liability position does not cause any funding concerns as it does not require any immediate call on Authority reserves. Current accounting standards for the Fire-fighter Scheme require that the Authority only set aside provision for retirement benefits in the year in which the commitment arises.

Assets/Liabilities of the Authority

The balance sheet of the Authority as at 31 March 2016 shows a net liability of £545.7m (£579.0m as at 31 March 2015). This includes the pension liability of £658.1m required to be included under IAS 19.

Performance and Use of Resources

During 2015-16 the authority refreshed its five year strategic plan resulting in the publication of "Creating Safer Communities Our Plan 2016-2021" which can be found at <https://www.dsfire.gov.uk/AboutUs/WhatWeDo/OurCorporatePlan/documents/CreatingSaferCommunities20162021.pdf>. This document provides a summary of the areas of focus during this period all with the objective to make the people who live in, work in and visit our area safer from fire, road collisions and other emergency incidents, while reducing costs and increasing income.

Each of our areas of focus support in one of the three main priorities:

Public Safety - We believe it is better to prevent an emergency from happening in the first place rather than deal with it when it does. To support this belief we work with local communities and partners to educate them in how to reduce the risk of fires and other emergencies and do all we can to help prevent crime and disorder through, for example, our work on reducing incidents of arson.

If a fire does start, we want to make sure people have the best chance of escape and that the disruption to business and the community is kept to a minimum. We will work with businesses to influence and regulate the built environment to protect people, property and the natural environment from harm.

In situations when an emergency response is needed, we will make sure that our resources are appropriately located, reflecting our Integrated Risk Management Plan, so that we have the right resources in the right place at the right time.

Staff Safety - As our work evolves due to the changing demands on our service, we need to make sure that we develop our staff so they have the right skills and values to deliver our services to the community. Our staff need to operate in a safe and supportive working environment and we will provide them with the most appropriate vehicles, equipment and information relevant to the risks they are likely to face.

Effectiveness and Efficiency - We will aim to continuously improve our effectiveness and efficiency. This means that we are working to improve, while at the same time spending less money. To achieve this, we will need to transform the way we work through continuous long-term improvement. We will promote this transformation by involving staff and the community, encouraging innovation and change, and looking for opportunities to do things differently for the benefit of the community. We will learn from other high-performing organisations and focus on activities that support effectiveness and efficiency.

Key Performance Indicators

In Table 2 is a summary of performance against corporate Key Performance Indicators (KPIs) in 2015-16 with a comparison against the previous year.

Measure	2015-16	2014-15	Variance (%)
Non-Financial Indicators			
Number of deaths as a result of fires where people live.	8	8	0.0%
Number of injuries as a result of fires where people live.	83	59	40.7%
Number of fires where people live.	966	976	-1.0%
Number of fire related deaths where people work, visit and in vehicles.	0	2	-100.0%
Number of fire related injuries where people work, visit and in vehicles.	36	36	0.0%
Number of fires where people work, visit and in vehicles.	1,250	1,353	-7.6%
Emergency Response Standard for attendance at Fires where people live (1st appliance to attend within 10 minutes from time of call)	72%	69%	3.7%
Emergency Response Standard for attendance at Road Traffic Collisions (1st appliance to attend within 15 minutes from time of call)	75%	75%	0.0%
Sickness – Rate of shifts lost to sickness per full time equivalent (FTE)	9.15	9.76	-6.3%

NARRATIVE REPORT

TABLE 2 – SUMMARY OF KPIs 2015-16

Measure	2015-16	2014-15	Variance (%)
Financial Indicators			
Revenue Spending within budget.	2.5%	2.7%	0.2%
Capital Spending within budget	24.8%	63.3%	38.6%
General Reserve Levels (%age of Revenue Budget)	7.1%	7.0%	0.1%
Debt Ratio (%age of Revenue Budget)	3.6%	3.6%	0.0%
External Borrowing	£25.817m	£25.944m	-0.1%

Overview of Service Performance in 2015-16

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

Prevention Activities - Between April 2015 and March 2016 the Service has increase resources in conducting 9968 targeted Home Safety Visits (this figure includes 'Level 2 Home Fire Safety Visits', 'Replacement Alarm Visits', 'Level 1 Home Fire Safety Visits' and 'Level 1 Home Fire Safety Checks', but excludes 'Home Safety Follow-up Visits') to those identified as having the most to benefit from our expert guidance and support. We work closely with our colleagues in other agencies and third sector organisations to build partnerships that enable us to ensure that our resources are used to provide maximum benefit to the community.

We engage with our communities in a variety of ways including educating children and young people through schools talks and structured programmes such as Fire Cadets, Phoenix and FireSetters. Between April 2015 and March 2016 the Service has undertaken over 6,000 activities to improve public safety (this figure comprises all Prevention Activities except 'Level 2 Home Fire Safety Visits', 'Replacement Alarm Visits', 'Level 1 Home Fire Safety Visits', 'Level 1 Home Fire Safety Checks' and 'Home Safety Follow-up Visits').

Protection Activities -The year-end report provides an opportunity to review the performance of the Service over the past 12 months. Overall it is pleasing to note that performance against the 8 primary measures has either improved or at least held steady, this implies that the activity being undertaken is having a positive effect be that prevention, protection or response. However, there is more we can do.

Looking Forward

Fire Deaths

Notably we have seen periodic increases in fire injuries and no overall decrease in fire deaths over the 12 month period. The data analysis team are producing a report on the fire-related deaths over the past 5 years to support our understanding of why these tragedies occurred and if there are any lessons to be learned in terms of targeting our activity. The analysis will be fed into the revised Community Safety Strategy currently being written.

Fire Injuries

There is a continued focus on ensuring that a true picture of fire injuries is understood. In the Q3 performance report, we described how the number of fire injuries may have increased following the introduction of FPOS training, which directs staff to ensure that people attend hospital for a check-up, even if their symptoms appear minor. A pilot is now being instigated in the Service to make follow-up visits to people who have been injured in fires to improve customer care after the event, to check our data on the causes of both their fire and the associated injuries, to identify positive and negative aspects of our Service Delivery and to further promote the uptake of home fire safety visits.

Incident Data Capture

The ICT department is embarking on a development with Service Delivery staff aiming to reduce staff time spent on data entry and improving data consistency with a single streamlined process to capture incident data. It will collect incident information that can be fed to the Home Office's Incident Recording System (IRS) and other data relating to the incident together in one place, with the input screens adapting to the entered information so that only relevant additional data is requested. This process will be accessible on a variety of service devices and allow collection of data for the event that is more relevant, accurate, comprehensive and timely. This approach supports the service goals of efficiency and effectiveness and the data can be used to inform activities which support increased community wellbeing through targeted input by DSFRS and our partners.

Sickness - Sickness continues to be a focus for the organisation with varied performance in different staff groups. The overall trend for the Service is improving but where there are smaller numbers of staff the figures can be skewed by the long-term sickness of individuals. We are investing in firefighter fitness for the future and investigating more vocational-based methods of testing the fitness of our operational staff in an effort to further reduce sickness rates and keep appliances available. We have a focus on the mental health and wellbeing of staff which will continue into the new performance year.

Co-responding - The Service has seen an increase in the number of special service calls attended, these are primarily co-responding incidents. As a partner to the South West Ambulance Service we are justly proud of our activity in this area which is saving lives on a daily basis. As the success of our prevention and protection activity continues to reduce the number of fire incidents that we attend we are investigating ways of enhancing our ability to deal with medical emergencies and support our NHS partner in reducing incidents and contributing to community wellbeing.

NARRATIVE REPORT

Economic Outlook

Following on from the referendum result for the UK to leave the EU, announced on the 24th of June 2016, we are now in a period of economic uncertainty which brings the potential for further periods of austerity combined with poor economic performance for the UK as a whole. Given that central government have offered a four year settlement covering 2016-17 through 2019-20 the risk to grant income is currently considered low, although if inflation increases greater efficiencies will be required. The most significant impact is likely to be on investment values and yields following the decision by the Bank of England to reduce interest rates to a record low of 0.25%, resulting in a reduction to investment income in 2016-17 and potentially beyond. At the time of writing, the investment portfolio of the Authority is not considered to be impaired and therefore no amendments have been made to the balance sheet since originally approved for publication by the Audit and Performance committee on 28th of June.

Conclusion on performance for the year

We are in unprecedented times in terms of the squeeze on public sector spending, and the Authority has no choice but to seek efficiencies within the Service to reduce costs, whilst maintaining the quality of the services that we provide to the community to which we serve. For 2015-16 the Authority has been able to not only deliver the targeted savings required to set a balanced budget but also, through the implementation of its Corporate Plan proposals, to deliver in-year savings which have been transferred to Earmarked Reserves primarily to be used to directly fund future capital investment therefore reducing reliance on external borrowing to fund such spending.

For 2015-16 budget holders across the Service have responded well to the instructions to secure in-year savings, which has enabled the Authority to set aside an additional £1.9m into earmarked reserves.

I would like to take this opportunity to place on record my own thanks to members and officers of the Authority who have played their part in securing the financial health of the Authority during 2015-16.

Kevin Woodward
Treasurer to the Authority

STATEMENT OF RESPONSIBILITIES FOR THE ACCOUNTS

Responsibilities of the Authority

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of those affairs. For the Fire Authority, that Officer is the Treasurer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts

Responsibilities of the Treasurer

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices, as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in United Kingdom.

In preparing the Statement of Accounts, the Treasurer has:

Selected suitable accounting policies and then applied them consistently.
Made judgements and estimates that were reasonable and prudent.
Complied with the Code of Practice.

The Treasurer has also:

Kept proper accounting records which were up to date.
Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Treasurer's Certificate

I certify that the Statement of Accounts on pages 17-19 provide a true and fair view of the financial position of the Authority at the accounting data and its income and expenditure for the year ended 31 March 2016.

Kevin Woodward
Treasurer to the Authority
Date: 12/09/2016

STATEMENT OF ACCOUNTING POLICIES

General principles

The Statement of Accounts summarises the Service transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. The Service is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under the 2015 Act.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Charges to Revenue

The Income and Expenditure Account is charged for the use of capital. These charges comprise of minimum revenue provision (MRP) and depreciation.

Basis of Provision for the Redemption of Debt and External interest

The extent to which the Authority is to set aside an amount each year from its revenue budget to repay debt is laid down in its Minimum Revenue Provision (MRP) Statement, as agreed at the beginning of the financial year. The policy adopted by the Authority is to make a provision based upon 4% of the capital financing requirement for borrowing, which is subject to government support as part of the revenue support grant settlement, and asset life for borrowing which is not subject to such support.

Interest charged on external borrowing, and also interest receivable on investments, is accrued and accounted for in the period to which it relates.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

Revenue is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority. The main source of revenue for the Service is Council Tax and Government Grant.

Where income is received for a specific activity that is to be delivered in the following year, that income is deferred.

Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made. They are measured at the fair value of the consideration payable.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

The basis on which debtors and creditors at 31 March 2016 are included in the Accounts is as follows:

Creditors are accrued on expenditure to cover goods and services received but not paid for by 31 March 2016. Debtors are accrued on income to cover goods and services provided before 31 March 2016 but for which no payment has been received.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

STATEMENT OF ACCOUNTING POLICIES

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

depreciation attributable to the assets used by the relevant service
revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance [MRP or loans fund principle], by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. Benefits are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

STATEMENT OF ACCOUNTING POLICIES

Post Employment Benefits

The treatment of pension costs in these accounts complies with the Code of Practice on Local Authority Accounting for 2015/16, which requires adoption of IAS19 Employee Benefits.

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

(a) Uniformed Staff

From 6th April 2015, the Firefighters pension 2006 and 2006 modified schemes were closed to new entrants and replaced with the new Firefighters pension scheme 2015. Both these schemes and the previous 1992 scheme are unfunded. The Authority is responsible for deducting contributions from current employees to be paid into the Pensions Account, together with an employer's contribution based upon a rate set by the Government Actuary Department (GAD). The last valuation was undertaken in March 2012.

(b) Civilian Staff

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Scheme through the Pension Fund, which is administered by Devon County Council. The employer's contribution rate for those employees in the scheme is based on advice from the Fund's Actuary who carries out regular actuarial valuations. The last valuation was undertaken in March 2013.

Pensions Reserve and Impact on Council Tax

For both schemes, the pension costs charged in the accounts are as introduced by the reporting requirements of the Standard IAS19. This means that the figures are calculated on an actuarial basis to reflect the Authority's share of the increase in the present value of pension liabilities arising from employee service in the current period.

It is a statutory requirement that the cost of pension's benefits to be funded by taxation are those cash payments made in accordance with the scheme requirements. These payments do not match the change in the Authority's pension assets or liabilities for the same period including the real cost of retirement benefits earned during the year by Authority employees. The difference between the cost charged against taxation and the real cost of retirement benefits is represented by an appropriation to the pensions reserve, which equals the net change in the pensions liability recognised in the Comprehensive Income & Expenditure Account.

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

STATEMENT OF ACCOUNTING POLICIES

Financial Assets

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

For the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Government Grants and Contributions

Revenue Support Grant and National Non Domestic Rates grant are received direct from government. Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Inventories and Long Term Contracts

Inventories are included in the Consolidated Balance Sheet at cost.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year. As at 31 March 2016 the Authority had one significant Capital contract outstanding as detailed in Note 11 to the accounts.

Leases

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

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

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

The Authority as Lessee

Finance Leases

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

STATEMENT OF ACCOUNTING POLICIES

Lease payments are apportioned between:

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

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

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

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

Further information in respect of leasing obligations is included in the notes to the core financial statements (Note 27).

Overheads Support Services Costs

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2015/16 (SeRCOP). The full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Intangible Assets

There are no intangible assets recognised by the Authority.

Tangible Assets

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis. Expenditure below £5,000 on plant and equipment is treated as de-minimis, it is not capitalised and accordingly is charged to the revenue account in the year it is incurred.

STATEMENT OF ACCOUNTING POLICIES

Measurement

Assets are initially measured at cost, comprising: the purchase price, any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets are then carried in the Balance Sheet using the following measurement bases:

Infrastructure, community assets and assets under construction – depreciated historical cost;

All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Under IFRS 13 Fair Value Measurement, non-cash and non-operational current assets are required to be valued at Market Value. The Authority does not hold any of this type of asset.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end. A full revaluation was undertaken as at the 31 March 2016. A full revaluation will be undertaken every five years as a minimum. The Authority's valuer is John Penaligan of NPS South West Ltd which is a subsidiary of NPS Consultants Ltd, a controlled company of Norfolk County Council.

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

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

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

Impairment

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

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

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following basis:

Buildings including PFI assets – useful economic life of each asset determined as part of the revaluation process.

Fire Appliances – useful economic life assessed to be 12 years for a Medium Rescue Pump and 10 years for a Light Rescue Pump.

Vehicles, plant and furniture and equipment – useful economic life assessed to range from 5-7 years.

Intangible assets are to be amortised over 7 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately (see componentisation note below).

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation

Where an asset has components which have a significantly different life, depreciation is applied over the life of each component rather than applying the same life for the whole of the asset. Components for fire stations are the land (indefinite life), main structure (60 year life (40 years if prefabricated)), mechanical & electrical (20 year life) and steel training towers (30 year life (40 years if masonry)).

STATEMENT OF ACCOUNTING POLICIES

Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. Devon & Somerset Fire & Rescue Authority, in partnership with Avon Fire Authority and Gloucestershire County Council has invested in a PFI project to provide a Fire and Rescue Service training centre.

As the Authority is deemed to control part of the services that are provided (25%) under the PFI scheme, and as part ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge, the Authority carries the assets used under the contract on its Balance Sheet as part of Property, Plant and Equipment. The original recognition of these assets at fair value is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator
- Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Three such Provisions exists as at 31 March 2016; (Note 17)

Firefighter Employers pensions liability

The provision for Pension liabilities has been increased by an amount of £0.066m to reflect legislative changes which may have the impact of increasing employers pension contributions.

PFI Equalisation

Using existing indices and interest rates a shortfall had been predicted at the end of the contract period of around £1.2m. An amount of £295k reflecting the Fire Authority's share of 25% was set aside as a provision in 2013-14 and remains on the Authority's Balance Sheet.

Non Domestic Rates Appeals provision

A number of appeals have been made to billing authorities against the rateable value of Non Domestic Properties. The Fire Authority is required to account for its share of the provision for successful appeals, amounting to £679k in 2015-16

STATEMENT OF ACCOUNTING POLICIES

Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

Details of all reserve balances as at 31 March 2016 are included with note 18 to these accounts.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 March 2016

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

	NOTE	Gross Total			Restated		
		Cost	Income	Net Total Cost	Gross Total Cost	Income	Net Total Cost
		2015/16 £000	2015/16 £000	2015/16 £000	2014/15 £000	2014/15 £000	2014/15 £000
Community Fire Safety							
Statutory Inspection, certification and enforcement		803	(109)	694	764	(170)	594
Prevention and education		3,164	(21)	3,143	2,821	(30)	2,791
Fire Fighting and Rescue Operations							-
Operational Responses		74,663	(4,490)	70,173	71,958	(4,323)	67,635
Communications and mobilising		6,509	-	6,509	6,263	(71)	6,192
Securing water supplies		576	(57)	519	423	(6)	417
Corporate and democratic core costs		972	(62)	910	997	(38)	959
Non distributed costs (Pension liability revaluations)		1,639	-	1,639	14,904	-	14,904
Operating (surplus)/deficit		88,326	(4,739)	83,588	98,130	(4,639)	93,492
Finance costs:							
Investment revenue	9			(271)			(186)
Other (gains) and Losses	8			(12,151)			(6,988)
Finance costs:	9			23,647			25,909
(Surplus)/deficit for the financial year				94,814			112,227
Council Tax	10			(45,446)			(43,770)
Non-domestic rates redistribution	10			(14,712)			(14,444)
Central government grant	10			(14,964)			(18,096)
Capital Grants and Contributions	10			-			(1,428)
Taxation and non-specific grant income				(75,121)			(77,738)
Retained (surplus)/deficit for the year				19,693			34,489
Other comprehensive income and expenditure							
Gains on revaluations	18			(5,541)			(15,223)
Impairment losses on non-current assets charged to the revaluation reserve	11			599			480
Remeasurements of the net defined liability/ (asset) on pension schemes	18			(48,077)			78,253
Total comprehensive expenditure for the year				(33,325)			98,000

BALANCE SHEET AS AT 31 March 2016

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves comprises those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

		31 March	Restated
		2016	31 March
	NOTE	£000	£000
Long-term assets			
Property, plant and equipment	11	108,156	104,720
Trade and other receivables	14	997	1,024
Total Long-Term assets		109,153	105,744
Current assets			
Inventories	13	253	255
Trade and other receivables	14	10,721	4,941
Short-term Investments (exceeding 3mths)	12	16,000	16,500
Cash and cash equivalents	15	11,338	14,465
Total current assets		38,311	36,161
Total assets		147,464	141,905
Current liabilities			
Trade and other payables	16	(6,065)	(6,666)
Borrowings	12	(196)	(259)
Bank Overdraft	12	-	(529)
Provisions	17	(62)	(218)
Total current liabilities		(6,323)	(7,672)
Net current assets		31,988	28,489
Total assets less current liabilities		141,141	134,233
Non-current liabilities			
Borrowings	12	(27,156)	(27,286)
Pensions Liability	30	(658,061)	(684,723)
Provisions	17	(1,606)	(1,232)
Total non current liabilities		(686,824)	(713,242)
Total liabilities		(693,147)	(720,914)
Net assets employed		(545,683)	(579,008)
Unusable Reserves			
Revaluation reserve	18	(26,805)	(27,271)
Capital Adjustment Account	18	(54,094)	(53,362)
Council Tax + Business Rates Adjustment Accounts	18	(1,727)	(1,316)
PFI - Equalisation Fund	18	(843)	(861)
Accumulated Absence Account	18	902	860
Pensions Reserve	18	658,061	684,723
		575,494	602,773
Usable Reserves			
General fund balance	MIRS	(5,282)	(5,271)
Earmarked reserves	18	(24,529)	(18,494)
		(29,811)	(23,764)
Total Reserves		545,683	579,008

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 March 2016**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The Statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

	NOTE	2015/16 £000	Restated 2014/15 £000
Cash flows from operating activities			
Net deficit on provision of services		(19,693)	(34,489)
<u>Adjustments to deficit relating to non cash movements</u>			
Depreciation and Impairment	11	7,684	6,449
Pension Liability	18	21,416	39,710
(Increase)/decrease in inventories	13	2	(44)
(Increase)/decrease in debtors	14	(5,752)	(2,269)
Increase/(decrease) in creditors	16	(601)	(1,882)
Increase/(decrease) in provisions	17	219	1,051
Other non cash movement		(90)	(5)
Net cash inflow/(outflow) from operating activities		3,184	8,521
<u>Adjustments to deficit relating to items that relate to investing and financing activities</u>			
Transfer from government grant reserve		-	(1,428)
Net cash inflow/(outflow) from operating activities		3,184	7,093
Net cash inflow/(outflow) from investing activities	19.2	(6,091)	(1,439)
Cash outflow from financing activities	19.3	307	(11,793)
Net (increase)/decrease in cash and cash equivalents	15	(2,598)	(6,139)
Cash/cash equivalents (and bank overdrafts) at the beginning of the financial year	15	13,936	20,075
Cash/cash equivalents (and bank overdrafts) at the end of the financial year	15	11,338	13,936

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 March 2016

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or Deficit on the provision of services' line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The 'Net increase/decrease before transfers to earmarked reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

Note	General fund	Earmarked	Total Usable	Revaluation	Pensions	Capital	Collection	PFI	Accumulated	Total	Total
	balance	reserves	Reserves	reserve	Reserve	Adjustment	Fund	Equalisation	Absences	Unusable	Total
	£000	£000	£000	£000	£000	Account	Account	Account	Account	Reserves	Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2014	5,191	12,394	17,585	16,937	(566,760)	50,708	529	871	(878)	(498,594)	(481,008)
Movement in reserves during 2014/15											
Deficit on provision of services	(34,488)	-	(34,488)	-	-	-	-	-	-	-	(34,488)
Other Comprehensive Income and Expenditure	-	-	-	10,335	(78,253)	4,408	-	-	-	(63,511)	(63,511)
Total Comprehensive Income and Expenditure	(34,488)	-	(34,488)	10,335	(78,253)	4,408	-	-	-	(63,511)	(97,999)
Adjustments between accounting basis and funding basis under regulations	40,669	-	40,669	-	(39,710)	(1,754)	787	(10)	18	(40,668)	-
Net Increase/Decrease before transfers to Earmarked Reserves	6,181	-	6,181	10,335	(117,963)	2,654	787	(10)	18	(104,179)	(97,999)
Transfers to Earmarked Reserves	(6,102)	6,102	-	-	-	-	-	-	-	-	-
Increase/Decrease in year	79	6,102	6,181	10,335	(117,963)	2,654	787	(10)	18	(104,179)	(97,999)
Balance carried forward as at 31 March 2015	5,271	18,495	23,765	27,271	(684,723)	53,362	1,316	861	(860)	(602,773)	(579,008)
Movement in reserves during 2015/16											
Deficit on provision of services	(19,693)	-	(19,693)	-	-	-	-	-	-	-	(19,693)
Other Comprehensive Income and Expenditure	-	-	-	(466)	48,077	5,410	-	-	-	53,020	53,020
Total Comprehensive Income and Expenditure	(19,693)	-	(19,693)	(466)	48,077	5,410	-	-	-	53,020	33,326
Adjustments between accounting basis and funding basis under regulations											
<u>PFI Adjustment</u>	18	-	18	-	-	-	-	(18)	-	(18)	-
<u>Adjustments involving the Capital Adjustment Account</u>											
<u>Reversal of items in the C.I.E.S.</u>											
Depreciation	11	7,183	7,183	-	-	(7,183)	-	-	-	(7,183)	-
Impairment losses	11	501	501	-	-	(501)	-	-	-	(501)	-
<u>Insertion of items not in the C.I.E.S.</u>											
Minimum Revenue Provision	18.2	(1,828)	(1,828)	-	-	1,828	-	-	-	1,828	-
Capital expenditure funded direct from revenue	18.2	(1,178)	(1,178)	-	-	1,178	-	-	-	1,178	-
<u>Adjustments involving the Pensions Reserve</u>											
Reversal of items related to pension benefits debited or credited to the Comprehensive Expenditure and Income Account	18.2	30,804	30,804	-	(30,804)	-	-	-	-	(30,804)	-
Employers pension contributions and direct payments to pensioners	18.2	(9,387)	(9,387)	-	9,387	-	-	-	-	9,387	-
<u>Adjustments involving the Collection Fund Adjustment Account</u>											
Amount by which council tax and business rates income credited to the CIES is different from the council tax calculated by statutory regulations	18.2	(410)	(410)	-	-	-	410	-	-	410	-
<u>Adjustments involving the Accumulated Absence Account</u>											
Amount by which officer remuneration charged to the CIES on an accruals basis is different from the remuneration charged in accordance with statutory requirements	18.2	42	42	-	-	-	-	-	(42)	(42)	-
Total Adjustments between accounting basis and funding basis under regulations	25,741	-	25,741	-	(21,415)	(4,678)	410	(18)	(42)	(25,741)	-
Net Increase/Decrease before transfers to Earmarked Reserves	6,047	-	6,047	-	(21,415)	(4,678)	410	(18)	(42)	(25,741)	(19,693)
Transfers to Earmarked Reserves	(6,035)	6,035	-	-	-	-	-	-	-	-	-
Increase/Decrease in year	11	6,035	6,047	-	(21,415)	(4,678)	410	(18)	(42)	(25,741)	(19,693)
Balance carried forward as at 31 March 2016	5,282	24,529	29,811	26,805	(658,061)	54,094	1,727	843	(902)	(575,495)	(545,683)

NOTES TO THE CORE FINANCIAL STATEMENTS

1. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT BEEN ADOPTED

The CIPFA Code of Practice requires disclosure of information relating to the impact of accounting standards that have been issued but not yet adopted.

The Authority does not anticipate that the following amendments will have a material impact on the information provided the financial statements ie there is unlikely to be a change to the reported information in the reported net cost of services or the Surplus or Deficit on the Provision of Services:

- Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions)
- Annual Improvements to IFRSs 2010 – 2012 Cycle
- Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)
- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)
- Annual Improvements to IFRSs 2012 – 2014 Cycle
- Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)

However, in the 2016/17 Statement (and comparator 2015/16 Statements), the following are expected to have a significant impact on the presentation of (but not values contained within) the Authority's accounts:

- Changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis
- Changes to the format of the Pension Fund Account and the Net Assets Statement

2. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Whilst there is a better degree of certainty in the medium term regarding levels of government funding for the Fire Sector following the offer of a four year grant settlement at 2016/17 the budget announcement, risks remain regarding the levels of local funding achievable via the Council Tax Precept and Business Rates retention scheme as well as longer term grant funding. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

Under a joint PFI venture, Gloucestershire County Council, Avon Fire & Rescue Service and Devon & Somerset Fire & Rescue Service now receive a significant element of their training from Babcock International Group PLC, a Ltd company contracted to provide the training until 31 March 2028. The training is supplied at the Joint Fire Training Centre, Avonmouth, a facility that the service provider designed, built, financed and now operates under the PFI contract. As such, the Authority is deemed to part control the training services provided under the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the authority's share of the training centre is recognised as Property, Plant and Equipment on the Authority's Balance Sheet.

3. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows and continued overleaf:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
Property, Plant and Equipment	Assets are revalued on the basis of Direct Replacement cost which is dependant on assumptions about the building industry, for which there is a level of uncertainty. Due to timescales of the five year revaluation programme, previous valuations may not remain valid if costs of replacement have fluctuated significantly.	If Direct Replacement Cost differs significantly, revaluations will increase or decrease, resulting in a change to the carrying value of the asset.

NOTES TO THE CORE FINANCIAL STATEMENTS

3. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY (continued)

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liabilities	Assets and Liabilities of the Local Government Pension Scheme (LGPS) have been assessed based on values at the 28th February 2016 by actuarial valuation. The use of month 11 valuations is as a result of shortened deadlines for publication of the Annual Statement of Accounts laid out in the Accounts and Audit Regulations 2015. Whilst the earlier deadlines apply from 2018, given common delays to receipt of the Actuarial report, the practice has been introduced in advance.	If there is significant movement in the valuation between 28th February and 31st March, the accounts would require restatement. Assurance has been received that this was not the case in 2015-16.
Provisions	The Authority has made a provision of £0.7m for successful NDR appeals which is based on information received from Billing authorities.	An accounting adjustment will be required to the Provision on the balance sheet.
Provisions	The Authority has made a provision of £0.7m for firefighters pension contributions on the assumption that a legal obligation will result from Case Law. Legislation is yet to be finalised.	Reliance will have to be placed on reserves if the actual figures are greater than estimated.

NOTES TO THE CORE FINANCIAL STATEMENTS

4. MATERIAL ITEMS OF INCOME AND EXPENDITURE

All major items of Income and Expenditure are disclosed on the face of the Comprehensive Income and Expenditure Statement with no material items required to be separately identified.

5. EVENTS AFTER THE BALANCE SHEET DATE

The draft Statement of Accounts was authorised for issue by the Audit & Performance Committee on 28 June 2016. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This Movement In Reserve Statement details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

NOTES TO THE CORE FINANCIAL STATEMENTS

7. PRIOR PERIOD ADJUSTMENT

The Pension Ombudsman determined in July 2015 that the calculation of pensioners' lump sum amounts on commutation since 1998 was not based on the right actuarial data and therefore there would be an additional liability to the Pension fund for backpayment of the amounts due and associated interest. The Government Actuary's Department issued guidance in respect of the Firefighters' Pension Scheme (England): 1992 Scheme which enabled each Fire Authority to calculate the impact for their 2014/15 accounts.

The amount of £2.215m and corresponding income was included as an adjustment made under Non Distributed Costs on the face of the Comprehensive Income and Expenditure Statement, Provisions (Note 17) and Debtors (Note 14) in the Balance Sheet of the Authority.

It has since been concluded (in agreement with auditors) that this was not the correct treatment of the liability and corresponding income as these related solely to the Pension Fund account and were not in fact attributable to the Financial Statements of the Authority and therefore these items have been removed from the 2014/15 restated Financial Statements. Because these items had corresponding debit and credit entries the net impact to the Comprehensive Income and Expenditure Statements and the Balance Sheet is zero.

The following are the relevant extracted lines from the Comprehensive Income and Expenditure Statement which, with appropriate restatement for 2014/15, can be found within these financial statements.

	Originally Stated 2014/15 Gross Expenditure £000s	Restated 2014/15 Gross Expenditure £000s	Net Amount of Restatement £000s	Originally Stated 2014/15 Income £000s	Restated 2014/15 Income £000s	Net Amount of Restatement £000s
Non-distributed costs	17,119	14,904	(2,215)	(2,215)	0	2,215

	Originally Stated 2014/15 Net Total cost £000s	Restated 2014/15 Net Total cost £000s	Net Amount of Restatement £000s
Operating (surplus)/deficit	93,492	93,492	0

The following are the relevant extracted lines from the Balance Sheet and the notes to the accounts which, with appropriate restatement for 2014/15, can be found within these financial statements.

	Originally Stated 2014/15 £000s	Restated 2014/15 £000s	Net Amount of Restatement £000s
Trade and other receivables (Note 14)	7,156	4,941	(2,215)
Total current assets	38,376	36,161	(2,215)
Total assets	144,120	141,905	(2,215)
Provisions (Note 17)	(2,433)	(218)	2,215
Total current liabilities	(9,887)	(7,672)	2,215
Total liabilities	(723,129)	(720,914)	2,215
Net assets employed	(579,008)	(579,008)	0

8. OTHER OPERATING INCOME AND EXPENDITURE

	2015/16 £000	2014/15 £000
Communities for Local Government Firefighters Pension Top-Up Grant	(12,152)	(6,988)
	<u>(12,152)</u>	<u>(6,988)</u>

9. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2015/16 £000	2014/15 £000
Interest on Loans	1,298	1,284
Investment income	(271)	(186)
Pensions Interest and administration Cost	22,349	24,625
	<u>23,376</u>	<u>25,723</u>

10. TAXATION AND NON SPECIFIC GRANT INCOMES

	2015/16 £000	2014/15 £000
Council tax income	(45,446)	(43,770)
Non domestic rates	(14,712)	(14,444)
Non-ring-fenced government grants	(14,964)	(18,096)
Capital grants and contributions	0	(1,428)
	<u>(75,121)</u>	<u>(77,738)</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

11. PROPERTY PLANT AND EQUIPMENT

	Land	Buildings excluding dwellings	Assets under construction	Plant and machinery	Transport	Total
2015/16	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2015	18,361	75,885	-	5,708	17,589	117,543
Additions purchased	-	1,012	-	990	4,173	6,175
Additions donated	-	-	-	-	-	-
Additions government granted	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Derecognition - disposals	-	-	-	(2,731)	(138)	(2,869)
Revaluation gains	-	156	-	-	-	156
Revaluation removals	-	(419)	-	-	-	(419)
Impairments	-	(549)	-	-	-	(549)
Downward Revaluations	-	(599)	-	-	-	(599)
Reversal of impairments	-	48	-	-	-	48
At 31 March 2016	18,361	75,534	-	3,967	21,624	119,486
Depreciation at 1 April 2015	-	(1,179)	-	(4,603)	(7,040)	(12,822)
Reclassifications	-	-	-	-	-	-
Reclassified as held for sale	-	-	-	-	-	-
Derecognition - disposals	-	-	-	2,729	132	2,861
Revaluation removals	-	5,814	-	-	-	5,814
Impairments	-	-	-	-	-	-
Reversal of Impairments	-	-	-	-	-	-
Charged during the year	-	(5,478)	-	(248)	(1,457)	(7,183)
Depreciation at 31 March 2016	-	(843)	-	(2,122)	(8,365)	(11,330)
Net book value						
As at 31 March 2015	18,361	74,706	-	1,105	10,549	104,721
As at 31 March 2016	18,361	74,691	-	1,845	13,259	108,156
Asset financing						
Owned	18,361	73,684	-	1,845	13,259	107,149
Finance Leased	-	-	-	-	-	-
Private finance initiative	-	-	-	-	-	-
PFI residual interests	-	1,007	-	-	-	1,007
Total 31 March 2016	18,361	74,691	-	1,845	13,259	108,156

SIGNIFICANT COMMITMENTS UNDER CAPITAL CONTRACTS

As at 31 March 2016 the Authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2016/17 and future years budgeted to cost £1.6m. There were similar commitments at 31 March 2015 of £2.0m. Of these contracts only one is of significant value, with £1.3m being committed to purchase Light Rescue Pump Vehicles.

NOTES TO THE CORE FINANCIAL STATEMENTS

11. PROPERTY PLANT AND EQUIPMENT VALUATIONS

	Land	Buildings excluding dwellings	Assets under construction	Plant and machinery	Transport	Total
	£000	£000	£000	£000	£000	£000
2015/16						
Valued at Historical Cost	-	-	-	3,967	21,624	25,591
Valued at Current Value in:						
2015/16	18,361	75,534	-	-	-	93,895
2014/15	-	-	-	-	-	-
2013/14	-	-	-	-	-	-
2012/13	-	-	-	-	-	-
2011/12	-	-	-	-	-	-
Total	18,361	75,534	-	3,967	21,624	119,486

Valuation Information:

The above statement shows the impact of the Authority's programme for the revaluation of property, plant and equipment, including assets valued following completion of significant projects. The Authority has moved away from the five year rolling programme of revaluations in order to ensure that all revalued assets falling under the same class are assessed at the same time, per CIPFA guidance.

Valuations of land and buildings are carried out by John Penaligan (FRICS) in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The basis for valuation is set out in the Statement of Accounting Policies.

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

11. PROPERTY PLANT AND EQUIPMENT PRIOR YEAR

	Land	Buildings excluding dwellings	Assets under construction	Plant and machinery	Transport	Total
	£000	£000	£000	£000	£000	£000
2014/15						
Cost or valuation at 1 April 2014	18,380	71,974	-	5,364	16,398	112,116
Additions purchased	81	1,162	-	345	1,255	2,843
Additions donated	-	-	-	-	30	30
Additions government granted	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Derecognition - disposals	-	-	-	(1)	(94)	(95)
Revaluation gains	-	10,826	-	-	-	10,826
Revaluation removals	-	(7,469)	-	-	-	(7,469)
Impairments	(11)	(812)	-	-	-	(823)
Downward revaluations	(89)	(391)	-	-	-	(480)
Reversal of Impairments	-	595	-	-	-	595
At 31 March 2015	18,361	75,885	-	5,708	17,589	117,543
Depreciation at 1 April 2014	-	(8,400)	-	(4,395)	(5,767)	(18,562)
Reclassifications	-	-	-	-	-	-
Reclassified as held for sale	-	-	-	-	-	-
Derecognition - disposals	-	-	-	1	86	87
Revaluation removals	-	11,874	-	-	-	11,874
Impairments	-	-	-	-	-	-
Reversal of Impairments	-	-	-	-	-	-
Charged during the year	-	(4,653)	-	(209)	(1,359)	(6,221)
Depreciation at 31 March 2015	-	(1,179)	-	(4,603)	(7,040)	(12,822)
Net book value						
As at 31 March 2014	18,380	63,574	-	969	10,631	93,554
As at 31 March 2015	18,361	74,706	-	1,105	10,549	104,721
Asset financing						
Owned	18,361	73,610	-	1,105	10,547	103,623
Finance Leased	-	-	-	-	2	2
Private finance initiative	-	-	-	-	-	-
PFI residual interests	-	1,096	-	-	-	1,096
Total 31 March 2015	18,361	74,706	-	1,105	10,549	104,721

NOTES TO THE CORE FINANCIAL STATEMENTS

12. FINANCIAL INSTRUMENTS

12.1 BALANCE SHEET FINANCIAL INSTRUMENTS

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

	Long-Term		Current	
	£000 31 March 2016	£000 31 March 2015	£000 31 March 2016	£000 31 March 2015
Financial Liabilities				
Borrowings at amortised cost (PWLB)	(25,782)	(25,908)	(127)	(127)
Private Finance Initiative	(1,374)	(1,377)	(69)	(132)
Finance Lease	-	-	-	-
Commercial Bank	-	-	-	(529)
Creditors	-	-	(4,390)	(4,751)
	(27,156)	(27,286)	(4,587)	(5,539)
*Excludes following amounts which are not classed as financial instruments				
Income in advance			(84)	(261)
Non contractual creditors e.g. council tax			(689)	(794)
Accumulated absence accrual			(902)	(860)
Amount shown as short-term creditors in balance sheet			(6,065)	(6,666)

Financial Assets

Cash at Bank	-	-	13	9
Investments (Cash equivalents)	-	-	11,325	14,456
Investments (exceeding 3 mths.)	-	-	16,000	16,500
Debtors	997	1,024	9,130	1,898
	997	1,024	36,468	32,863

**Excludes following amounts which are not classed as financial instruments

Non contractual debtors e.g. council tax			955	1,986
Payments in advance			636	1,057
Amount shown as current trade & other receivables in balance sheet			10,721	4,941

12.2 INCOME AND EXPENDITURE FINANCIAL INSTRUMENTS

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

	Financial Liabilities		Financial Assets		Total	
	£000 31 March 2016	£000 31 March 2015	£000 31 March 2016	£000 31 March 2015	£000 31 March 2016	£000 31 March 2015
Interest Expense	(1,298)	(1,284)			(1,298)	(1,284)
Interest payable and similar charges	(1,298)	(1,284)	-	-	(1,298)	(1,284)
Interest Income		-	271	186	271	186
Interest and Investment Income	-	-	271	186	271	186
Net Gain/(loss) for the year	(1,298)	(1,284)	271	186	(1,027)	(1,098)

NOTES TO THE CORE FINANCIAL STATEMENTS

12.3 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

For loans from the PWLB, new loan rates have been applied to provide the fair value under PWLB debt redemption procedures.

For investments the principal amount is taken as fair value.

No early repayment or impairment is recognised.

Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.

The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

FINANCIAL LIABILITIES	Carrying Amount		Fair Values	
	£000 31 March 2016	£000 31 March 2015	£000 31 March 2016	£000 31 March 2015
Total Debt				
- PWLB	(25,908)	(26,035)	(32,344)	(37,850)
- Other Credit Arrangements	(1,444)	(1,510)	(1,444)	(1,510)
- Commercial Overdraft	-	(529)	-	(529)
Trade and other creditors	(4,390)	(4,751)	(4,390)	(4,751)
Total Liabilities	(31,742)	(32,825)	(38,177)	(44,640)
FINANCIAL ASSETS	Carrying Amount		Fair Values	
	£000 31 March 2016	£000 31 March 2015	£000 31 March 2016	£000 31 March 2015
Financial assets				
Total Investments	27,325	30,956	27,388	30,995
Cash and Bank	13	(520)	13	(520)
Trade and other debtors	10,763	3,979	10,763	3,979
Total Financial assets	38,100	34,415	38,163	34,454

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

NOTES TO THE CORE FINANCIAL STATEMENTS

13. INVENTORIES

	31 March 2016 £000	31 March 2015 £000
Uniforms and Protective Clothing	98	109
Vehicle Spares Stocks	84	89
Equipment Stocks	71	58
Total	253	255

14. DEBTORS

14.1 Trade and other receivables

	Current		Non-current	
	31 March 2016 £000	31 March 2015 Restated £000	31 March 2016 £000	31 March 2015 £000
Current Assets				
Central Government Departments	5,124	611	0	0
Other Local Authorities	3,441	2,488	843	861
NHS bodies	142	0	0	0
Other	2,019	1,853	154	164
Provision for the impairment of receivables	(5)	(12)	0	0
Total	10,721	4,941	997	1,024

14.2 Receivables past their due date but not impaired

	31 March 2016 £000	31 March 2015 £000
By up to three months	23	14
By three to six months	0	1
By more than six months	1	11
Total	24	25

14.3 Provision for impairment of receivables

	31 March 2016 £000	31 March 2015 £000
Balance at 1 April	(12)	(42)
Amount written off during the year	7	30
(Increase)/decrease in receivables impaired	0	-
Balance at 31 March	(5)	(12)

15. CASH AND CASH EQUIVALENTS

	31 March 2016 £000	31 March 2015 £000
Balance at 1 April	13,936	20,075
Net change in year	(2,599)	(6,139)
Balance at 31 March	11,338	13,936
Made up of		
Commercial banks and cash in hand	13	9
Current investments (less than 3 Months to maturity)	11,325	14,456
Cash and cash equivalents as in statement of financial position	11,338	14,465
Bank Balance - Commercial banks	-	(529)
Cash and cash equivalents as in statement of cash flows	11,338	13,936

NOTES TO THE CORE FINANCIAL STATEMENTS

16. CREDITORS

	Current		Non-current	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Current Liabilities				
Central Government Departments	(1,542)	(1,493)	-	-
Other Local Authorities	(1,282)	(943)	-	-
NHS bodies	-	-	-	-
Other entities and individuals	(2,339)	(3,370)	-	-
Accum absence	(902)	(860)	-	-
Defined Benefit Pension Schemes	-	-	(658,061)	(684,723)
Total	(6,065)	(6,666)	(658,061)	(684,723)

17. PROVISIONS

	Current		Non-current	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
		Restated		
Firefighter Employer Pension Contribution	(62)	(218)	(632)	(566)
Pension Commutations	-	-	-	-
NDR Appeals Provision	-	-	(679)	(371)
PFI Equalisation	-	-	(295)	(295)
Total	(62)	(218)	(1,606)	(1,232)

	Firefighter Employer Pension Contribution £000	Pension Commutations - Restated £000	PFI Equalisation £000	NDR Appeals £000	Total £000
At 1 April 2014	2,084	-	295	235	2,614
Arising during the year	228	-	-	136	364
Used during the year	(3)	-	-	-	(3)
Reversed unused	(1,525)	-	-	-	(1,525)
Unwinding of discount	-	-	-	-	-
At 31 March 2015	784	-	295	371	1,450
At 1 April 2015	784	-	295	371	1,450
Arising during the year	66	-	-	308	374
Used during the year	(156)	-	-	-	(156)
Reversed unused	-	-	-	-	-
At 31 March 2016	694	-	295	679	1,668
Expected timing of cash flows:					
Between 1 April 2016 & 31 March 2017	62	-	-	-	62
Thereafter	632	-	295	679	1,606

NOTES TO THE CORE FINANCIAL STATEMENTS

18. USABLE AND UNUSABLE RESERVES

18.1 USABLE RESERVES

Movements in the Authority's usable reserves are summarised in the Movement in Reserves Statement.

Earmarked Reserves

One of the categories of usable reserves is earmarked reserves. Details of the amounts set aside (transfers in) from the General Fund to provide financing for future expenditure is given in the table below.

The table below also shows the amounts posted back (transfers out) from earmarked reserves to meet the specific expenditure which is included within the CIES in 2015/16.

2015/16

Earmarked reserve	Balance 1 April	Transfers In	Transfers Out	Balance 31 March
	£000	£000	£000	£000
Investment in Community Safety	215	-	(42)	173
Mobilisation ICT Equipment	75	-	(29)	46
Home Safety Visits	100	-	-	100
Uniform replacement	996	-	-	996
Station Improvements	300	-	(4)	297
Grants Unapplied	1,674	48	(773)	950
Change and improvement	938	443	(269)	1,112
CSR strategy reserve	4,957	-	-	4,957
Commercial Services	191	-	-	191
Support for Capital Programme	7,175	6,138	(401)	12,912
Telephone System Replacement	170	45	-	215
Taunton Fire Station Oil Bunker	2	-	(2)	-
Specialist Rescue Level 4 Boat Training	33	-	-	33
Pensions Reserve	1,525	-	-	1,525
Software/ Licencing	62	-	(62)	-
Thermal Imaging Cameras	19	-	-	19
NNDR Smoothing Reserve	62	551	-	612
National Procurement Project	-	372	-	372
Firefighter fitness	-	15	-	15
Aide Memoire for appliances	-	5	-	5
Total	18,494	7,617	(1,582)	24,529

2014/15

Earmarked reserve	Balance 1 April	Transfers In	Transfers Out	Balance 31 March
	£000	£000	£000	£000
Investment in Community Safety	405	-	(190)	215
Mobilisation ICT Equipment	65	21	(11)	75
Home Safety Visits	100	-	-	100
Uniform replacement	450	546	-	996
Station Improvements	37	300	(37)	300
Grants Unapplied	2,265	170	(761)	1,674
Change and improvement	739	399	(200)	938
CSR strategy reserve	3,389	1,568	-	4,957
Commercial Services	211	-	(19)	191
Support for Capital Programme	4,393	2,794	(12)	7,175
Telephone System Replacement	100	70	-	170
Taunton Fire Station Oil Bunker	2	-	-	2
Breathing Apparatus Cylinder Testing	205	-	(205)	0
Specialist Rescue Level 4 Boat Training	33	-	-	33
Pensions Reserve	-	1,525	-	1,525
Software/ Licencing	-	62	-	62
Thermal Imaging Cameras	-	19	-	19
NNDR Smoothing Reserve	-	62	-	62
Total	12,394	7,534	(1,434)	18,494

NOTES TO THE CORE FINANCIAL STATEMENTS

18.2 UNUSABLE RESERVES

	31 March 2016 £000	31 March 2015 £000
Revaluation Reserve	(26,805)	(27,271)
Capital Adjustment Account	(54,094)	(53,362)
Pensions Reserve	658,061	684,723
Collection Fund Adjustment Account	(1,280)	(1,131)
NNDR Adjustment Account	(447)	(185)
Accumulated Absences Account	902	860
PFI Equalisation Fund	(843)	(861)
Total	575,495	602,773

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

	2015/16 £000	2014/15 £000
Balance at 1 April	(53,362)	(50,708)
<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</i>		
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,804	86
Charges for depreciation and impairment of non-current assets	7,684	6,449
	10,488	6,535
Minimum Revenue Provision	(1,828)	(1,822)
Capital Expenditure charged against the Revenue Account	(1,178)	(1,445)
Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	-	(1,428)
Adjusting amounts written out of the Revaluation Reserve	(2,224)	(1,272)
Depreciation written down in-year	(5,990)	(3,222)
Balance at 31 March	(54,094)	(53,362)

NOTES TO THE CORE FINANCIAL STATEMENTS

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

	2015/16 £000	2014/15 £000
Balance at 1 April	(27,271)	(16,937)
Upward Revaluation of assets	(156)	(10,826)
Downward revaluations	599	480
Difference between fair value depreciation and historical cost depreciation	23	11
Balance at 31 March	(26,805)	(27,271)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2015/16 £000	2014/15 £000
Balance at 1 April	684,723	566,760
Remeasurements of the net defined liability/ (asset)	(48,077)	78,253
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on Provision of services	30,804	48,891
Employer's pensions contributions and direct payments to pensioners payable in the year	(9,387)	(9,181)
Balance at 31 March	658,061	684,723

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2015/16 £000	2014/15 £000
Balance at 1 April	(1,131)	(758)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(148)	(373)
Balance at 31 March	(1,280)	(1,131)

NOTES TO THE CORE FINANCIAL STATEMENTS

National Non Domestic Rates (NNDR) Adjustment Account

The NNDR Adjustment Account manages the differences arising from the recognition of NNDR income in the Comprehensive Income and Expenditure Statement as it falls due from commercial premises compared with the statutory arrangements for paying across amounts to the General Fund from the Collection fund.

	2015/16 £000	2014/15 £000
Balance at 1 April	(185)	229
Amount by which NNDR credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements	(262)	(414)
Balance at 31 March	(447)	(185)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2015/16 £000	2014/15 £000
Balance at 1 April	860	878
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	42	(18)
Balance at 31 March	902	860

PFI - Equalisation Fund

An equalisation fund is administered by Gloucestershire County Council on behalf of the project partners. The fund balance attributable to the authority at the end of each financial year is recognized within the balance sheet. As at 31st March 2016 a surplus of £0.861m (£0.861m as at 31 March 2015) was attributable to Devon and Somerset FRA and this has been included as a PFI debtor against Gloucestershire County Council.

	2015/16 £000	2014/15 £000
Balance at 1 April	(861)	(871)
PFI Surplus for the year	18	10
Balance at 31 March	(843)	(861)

NOTES TO THE CORE FINANCIAL STATEMENTS

19. CASH FLOW STATEMENT NOTES

19.1 OPERATING ACTIVITIES

The cash flows for operating activities include the following items;

	2015/16	2014/15
	£000	£000
Interest Received	271	186
Interest Paid	(1,298)	(1,284)
Total	(1,027)	(1,098)

19.2 INVESTMENT ACTIVITIES

	2015/16	2014/15
	£000	£000
Payments for property, plant and equipment	(6,091)	(2,837)
Capital Grant Received	-	1,398
Net Cash Flows from investing activities	(6,091)	(1,439)

19.3 FINANCING ACTIVITIES

	2015/16	2014/15
	£000	£000
Loans Repaid	(127)	(270)
Increase in Short-Term Deposits	500	(11,500)
Loan Capital Repayments of PFI and finance leases	(66)	(22)
Net Cash Flows from investing activities	307	(11,793)

20. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Authority on the basis of budget reports analysed across expenditure codes. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)

- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year

The table below shows the income and expenditure of the Authority in the form presented for management purposes during the year, reconciled to the cost of services included in the Comprehensive Income and Expenditure Account.

	2015/16	2014/15
	£000	£000
<u>Expenditure</u>		
Employees	54,356	53,792
Premises	3,842	3,912
Transport	2,958	3,233
Supplies & Services	5,032	5,284
Establishment Costs	570	587
External Support Costs	633	598
Capital Financing Costs	4,283	4,996
<u>Income</u>		
General income	(1,229)	(1,169)
Interest	(271)	(186)
Grants & staffing reimbursements	(3,080)	(3,059)
Contributions to or from reserves	5,739	5,482
Government Grant and Council Tax Income*	(74,710)	(75,523)
Net surplus - as reported to management	(1,878)	(2,051)
<u>Amounts in the CIES not reported to management</u>		
Depreciation and impairment	7,684	6,449
Net charges made for retirement benefits	30,804	48,891
Surplus of PFI Equalisation Fund	18	10
Employee Absence Accrual	42	(18)
Deficit/(Surplus) on Council Tax and NNDR Collection Fund	(410)	(787)
Capital Grants in year	-	(1,428)
Spending from Earmarked Reserves	1,570	1,355
	39,706	54,471
<u>Amounts in management information not included in the Cost of Services in the CIES</u>		
Minimum Revenue Provision	(1,828)	(1,822)
Direct Revenue funding to Capital	(1,178)	(1,445)
Employers Contributions to Pensions	(9,387)	(9,181)
Transfer to Earmarked Reserves	(5,739)	(5,482)
	(18,135)	(17,930)
Cost of Services in CIES	19,693	34,489

NOTES TO THE CORE FINANCIAL STATEMENTS

21. MEMBERS ALLOWANCES

It is a requirement that after the end of the year to which a scheme relates, an Authority shall make arrangements for the publication of the total sum paid by it in the year under the scheme to each recipient in respect of basic allowance and special responsibility allowance. Details of such payments in 2015/16 are shown in the following table which shows all serving members during 2014/15 and 2015/16.

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

	Basic and Special Responsibility Allowance	Travel and Subsistence	2015/16	2014/15
	£	£	£	£
Ball Kevin	6,107	216	6,323	5,630
Bown Ann	6,492	1,102	7,594	7,100
Bowyer Lynda	368	43	411	3,057
Brazil Julian	-	-	-	920
Brooksbank John	291	-	291	2,926
Burridge-Clayton Peter	2,581	429	3,010	3,159
Chugg Caroline	2,064	381	2,445	3,444
Colthorpe Polly	2,581	-	2,581	2,539
Dyke William	6,645	978	7,623	7,391
Eastman Andrew	5,161	813	5,974	5,847
Edmunds Michael	6,107	1,051	7,158	7,863
Ellery Victor	2,581	898	3,479	2,897
Gordon Ian	-	-	-	2,264
Greenslade Brian	9,032	3,311	12,343	9,746
Gribble George	-	-	-	346
Healey Mark	23,071	7,573	30,644	30,404
Hill Roy	2,276	136	2,412	-
Horsfall Alvin	2,581	570	3,151	2,986
Knight James	2,581	-	2,581	2,031
Leaves Martin	6,186	436	6,622	4,966
Owen Jill	312	5	317	2,629
Prior-Sankey Hazel	305	-	305	3,075
Radford Ray	6,528	321	6,849	6,593
Randall Johnson Sara	4,885	19	4,904	5,108
Redman Leigh	2,355	465	2,820	-
Singh Charanjeet	2,581	828	3,409	2,228
Smith John	291	-	291	3,047
Thomas David	2,823	324	3,147	-
Way Nicholas	2,581	-	2,581	2,288
Wheeler George	2,220	389	2,609	-
Woodman John	6,929	758	7,687	7,678
Yeomans Derek	2,020	378	2,398	2,474

22. OFFICERS REMUNERATION

The remuneration paid to the Authority's senior employees is as follows analysed in bands of £5,000 in excess of £50,000:

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

	2015/16	2014/15
£50,000 - £54,999	14	17
£55,000 - £59,999	26	27
£60,000 - £64,999	7	7
£65,000 - £69,999	-	1
£70,000 - £74,999	1	3
£75,000 - £79,999	3	2
£80,000 - £84,999	2	4
£85,000 - £89,999	2	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	1	1
£115,000 - £119,999	-	-
£120,000 - £124,999	-	-
£125,000 - £129,999	-	-
£130,000 - £134,999	-	-
£135,000 - £139,999	-	-
£140,000 - £144,999	-	1
£145,000 - £149,999	-	-
£150,000 - £155,999	1	-

NOTES TO THE CORE FINANCIAL STATEMENTS

22.2 Senior Officers Remuneration 2015/16 over £50k

The number of posts attracting remuneration over £50k remained static in 2015/16. There were several leavers and new starters in senior management which has increased the number of individuals shown on the list below when compared to 2014/15, despite the number of posts being the same.

Post Title	Salary (Including Fees and Allowances)		Benefits in Kind	Compensation for loss of office	Total Remuneration excluding pension contrbns	Pension Contrbns	Total Remuneration including pension contrbns 2015/16
	£	£					
Chief Fire Officer	147,834	5,001		0	152,835	32,080	184,915
Assistant Chief Fire Officer	110,876	3,591		0	114,467	20,401	134,868
Director of Corporate Services	84,447	3,951		0	88,398	15,538	103,936
Director of People & Organisational Development	84,447	3,656		0	88,103	15,538	103,641
Treasurer* (g)							
Area Manager	76,066	0		0	76,066	15,270	91,336
Area Manager(a)	21,424	0		0	21,424	4,325	25,749
Area Manager	80,566	0		0	80,566	15,487	96,053
Area Manager	75,911	0		0	75,911	15,466	91,377
Area Manager(b)	68,818	1,247		0	70,065	14,099	84,164
Area Manager	80,557	2,045		0	82,602	16,035	98,637
Area Manager	75,423	1,875		0	77,298	15,325	92,623
Area Manager (c)	61,859	958		0	62,817	13,106	75,923
Area Manager (d)	61,529	703		0	62,232	13,088	75,320
Head of ICT	54,252	0		0	54,252	9,982	64,234
HR Manager	56,245	0		0	56,245	10,349	66,594
Strategic Assets Manager (e)	13,553	0		0	13,553	2,494	16,047
Strategic Assets Manager (f)	51,477	0		0	51,477	9,472	60,949
Head of Procurement*	46,202	3,150		0	49,352	8,501	57,853
Head of Finance	54,942	0		0	54,942	10,109	65,051
Commercial Business Development Manager	53,826	3,131		0	56,957	9,904	66,861
	1,360,254	29,308		0	1,389,562	266,569	1,656,131
(a) Left Post 18/07/15			(b) Left Post 31/12/15	(e) Left Post 30/6/15	*Part time		
(c) In Post 01/01/16			(d) In Post 12/01/16	(f) In post 18/05/15	(g) Remunerated via personal company		

Senior Officers Remuneration 2014/15 over £50k

Post Title	Salary (Including Fees and Allowances)		Benefits in Kind	Compensation for loss of office	Total Remuneration excluding pension contrbns	Pension Contrbns	Total Remuneration including pension contrbns 2014/15
	£	£					
Chief Fire Officer	137,642	2,491		0	140,133	29,318	169,451
Assistant Chief Fire Officer	103,546	3,087		0	106,633	19,052	125,686
Director of Corporate Services	79,117	3,486		0	82,603	14,558	97,160
Director of People & Organisational Development	79,117	3,226		0	82,343	14,558	96,900
Area Manager	79,005	0		0	79,005	14,168	93,173
Area Manager	72,155	0		0	72,155	14,242	86,398
Area Manager	77,805	0		0	77,805	14,280	92,086
Area Manager	83,043	39		0	83,082	14,280	97,362
Area Manager*	55,262	1,031		0	56,292	10,701	66,994
Area Manager**	70,841	895		0	71,735	12,930	84,665
Area Manager	80,210	1,043		0	81,253	14,280	95,533
Area Manager	74,585	1,742		0	76,327	14,280	90,607
Head of ICT***	36,963	0		0	36,963	6,801	43,764
HR Manager	55,387	0		0	55,387	10,191	65,579
Strategic Assets Manager	51,770	0		0	51,770	9,526	61,296
Head of Procurement****	40,591	2,441		0	43,032	7,469	50,501
	1,177,038	19,482		0	1,196,520	220,635	1,417,155
* Left Post 31/12/14			** In Post 01/12/14				
*** In Post 14/07/14 FTE £50799			**** Part Time from 01/10/14 FTE £52050				

NOTES TO THE CORE FINANCIAL STATEMENTS

22.3 Exit Packages agreed

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

Exit Package Cost Band (including special payments)	No of Compulsory Redundancies		No of other departures agreed		Total No of exit packages by cost band		Total cost of exit packages in each band	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
£0 - £20,000	1	1	10	7	11	8	£127,010	£61,475
£20,001 - £40,000	0	0	1	1	1	1	£20,554	£26,743
£40,001 - £60,000	0	0	0	0	0	0	£0	£0
£60,001 - £80,000	0	0	0	0	0	0	£0	£0
Total	1	1	11	8	12	9	£147,564	£88,218

NOTES TO THE CORE FINANCIAL STATEMENTS

23. EXTERNAL AUDITOR FEES

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors.

	2015/16 £000	2014/15 £000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	34	45
Provision of pension advice	7	
Total	41	45

For 2014-15 the Authority received fee credits totalling £4,634 (2013-14 £6,171) direct from the Audit Commission in relation to prior years.

24. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement (CIES) in 2015/16

	2015/16 £000	2014/15 £000
Grants		
New Dimensions Grant	(1,028)	(1,131)
Firelink Grant	(778)	(742)
Hinkley Point Grant	(160)	(92)
Business Rates Relief	(532)	(516)
Section 31 Grants (Minor)	(8)	(4)
Procurement Grant Funding	(374)	(241)
Capitalisation funding Grant	-	-
Sub Total Grants	(2,881)	(2,726)
Canteen income	(122)	-
DCLG Smoke alarm funding	(45)	-
Insurance cost recovery	(62)	-
Legal fees	(47)	-
Procurement income from Frameworks	(105)	-
Rental income	(110)	-
Secondment income	(53)	-
Vehicle sales and maintenance	(47)	-
Other income and donations	(307)	(868)
Reimbursement of flooding incidents	-	16
Coresponder Income	(244)	(153)
JCP Phoenix Courses	(25)	(109)
PFI Fair value	(447)	(447)
Training Income	(244)	(351)
Sub Total Other Income	(1,858)	(1,913)
Total within cost of services in the CIES	(4,739)	(4,639)

25. RELATED PARTY TRANSACTIONS

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

Central Government Central Government has significant influence over the general operations of the Authority - it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (eg council tax bills). Grants received from government departments are set out in the subjective analysis in Note 20 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2016 are shown in Note 24.

Members Members of the authority have direct control over the Service's financial and operating policies. The total of members' allowances paid in 2015/16 is shown in Note 21. In relation to members, the Authority's constitution requires members to declare their interests in related parties in a register of interests. In addition, members are asked to declare separately any transactions with the Authority. **In relation to 2015/16 no material transactions were disclosed.** The table below summarises transactions with other public bodies.

	2015/16	2014/15
	£000	£000
Central government income		
New Dimensions Grant	(1,028)	(1,131)
Red One Limited^		
Receipts from Red One Ltd of training income and reimbursements	(630)	(630)
Devon County Council		
Payments to DCC for provision of financial services	103	134
Payments to DCC Pension Fund for employers contributions	1,630	1,551
Payments to DCC for provision of payroll services	42	44
Cornwall Council		
Payments to CC for provision of legal services	26	32
Plymouth City Council		
Payments to PCC for provision of legal services	26	0
SAFE South West		
Payments to support SAFE Charity including transfer of grant funds	106	25
FRIC*		
Payments for Insurance	754	0

Some of the specialist support services for the Fire Authority are provided by other local authorities by means of Service Level Agreements. These relate to the costs of Pensions Administration, Internal Audit Services and Payroll which are provided by Devon County Council, and to the costs of Legal Advice, which is provided by Cornwall Council. The Authority provides other support services such as Accounting and Property Management in-house.

*Red One Ltd.

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

*Risk Protection

Until 31 October 2015 Insurances for the Authority were arranged as part of a consortium of nine fire and rescue authorities. These fire and rescue authorities, including Devon & Somerset, are now members of the Fire and Rescue Indemnity Company Limited. The company commenced trading in November 2015. The Authority's risk protection arrangements are provided through the pooled funds of the company. The Authority made a contribution of £754k to the company for the year end 31 October 2016 of which £314k relates to the 2015/16 financial year.

NOTES TO THE CORE FINANCIAL STATEMENTS

26. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2015/16 £000	2014/15 £000
Opening Capital Financing Requirement	24,091	25,915
<u>Capital investment</u>		
Operational assets	6,176	2,872
<u>Sources of Finance</u>		
Government grants and contributions	-	(1,428)
<u>Sums set aside from revenue</u>		
Minimum Revenue Provision	(1,828)	(1,822)
Direct revenue funding	(1,179)	(1,445)
Closing Capital Financing Requirement	27,260	24,091
Explanation of movements in year	2015/16 £000	2014/15 £000
Increase/(Decrease) in underlying need to borrow	3,235	(1,801)
(Decrease) in PFI/lease liabilities	(66)	(22)
Increase/(decrease) in Capital Financing Requirement	3,169	(1,823)

27. LEASES

27.1 OPERATING LEASES AS LESSEE

Total rentals paid during the year amounted to £0.580m. It is estimated that the outstanding liability for future years, in relation to existing lease agreements is £0.302m.

	2015/16 £000	2014/15 £000
<u>Payments recognised as an expense in year</u>	580	902
<u>Total Future Minimum Lease Payments</u>		
Payable:		
Not later than one year	195	680
Between one and five years	107	49
After 5 years	-	-
Total	302	729

NOTES TO THE CORE FINANCIAL STATEMENTS

28. PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

In a joint PFI venture, Gloucestershire County Council, Avon Fire & Rescue Service and Devon & Somerset Fire & Rescue Service receive an element of their fire training from Babcock International Group PLC, a company contracted to provide the training until 31 March 2028. The training is supplied at the Joint Fire Training Centre, Avonmouth, a facility that the service provider designed, built, financed and now operates (DBFO) under the PFI contract.

The IFRS Code accounting regulations require the asset to be included in the balance sheet relating to our 25% share of the contract. The liabilities to pay future rentals are also required to be included.

The Authority makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2016 (excluding any estimation of inflation and availability/ performance deductions) are as follows:

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	2015/16 £000	2014/15 £000
Paid in 2015/16	412	141	134	686	669
Outstanding undischarged contract obligations:					
Payable within one year	422	153	128	703	687
Payable within two to five years	1,796	754	443	2,993	2,921
Payable within six to ten years	2,507	1,328	344	4,179	4,077
Payable within eleven to fifteen years *	1,092	681	47	1,820	2,697
	<u>5,817</u>	<u>2,916</u>	<u>962</u>	<u>9,695</u>	<u>10,382</u>

* There are thirteen years remaining.

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

	2015/16 £000	2014/15 £000
Balance outstanding at 1 April	1,510	1,532
Payments in year	(66)	(22)
Balance outstanding at 31 March	<u>1,444</u>	<u>1,510</u>

29. IMPAIRMENT LOSSES & REVERSALS

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

	2015/16 £000	2014/15 £000
Impairment of Land	-	(11)
Impairment of Buildings	(549)	(812)
Net Amount Charged to the CIES	<u>(549)</u>	<u>(823)</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

30 PENSION COSTS

In accordance with the requirements of IAS19 the Devon & Somerset Fire & Rescue Authority records in its balance sheet its share of assets and liabilities related to pension schemes and matches the net amount with an equivalent pension reserve. The Authority participates in three schemes, two which are Fire Service Pension Schemes for Fire Officers which are unfunded, and the Local Government Pension Scheme which is administered by Devon County Council.

The Local Government Pension Scheme is a funded defined benefit final salary scheme meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. In addition, there is a second unfunded local government pension scheme liability which was previously reported under the LGPS but is now called out separately. This unfunded scheme is where the Authority has, as an employer, agreed to enhance the retirement pensions of staff, for which there are no additional employee contributions received.

There are four Fire pension schemes for fire officers, all of which are unfunded defined benefit final salary schemes, meaning there are no investment assets built up to meet the pension liabilities as they fall due. The schemes are administered by the Fire Authority and known as the fire fund. The schemes are balanced to zero by the receipt of top up grant received from the CLG. The first scheme is the 1992 Firefighters Pension Scheme (FPS), the second being the 2006 New firefighters pension scheme and the third being the 2006 Modified Pension scheme (reported within the 2006 scheme). From April 2015 the Fire Fighters Pension Scheme 2015 came in to being, with previous schemes being closed to new members. The Authority has one further pension liability which is in respect of injury awards issued under the Firefighters Compensation Regulations. All these schemes are now shown as one within subsequent tables and 2014/15 amounts have been totalled up accordingly.

Contribution percentages vary depending upon each scheme.

For all schemes the employee contribution is based upon their gross salary, with that percentage varying if their salary changes.

Scheme	Employer Percentage Rate 2015/16	Total Contributions expected to be made by the authority in the year to 31st March 2017 £000
Local Government Pension Scheme	18.4%	1,527
1992 Firefighters Pension Scheme	21.7%	} 4,711
2006 New firefighters Pension Scheme	11.9%	
2006 Modified firefighters Pension Scheme	21.7%	
2015 Firefighters Pension Scheme	14.3%	

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

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

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

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 30 Pension Schemes

	LG Pension Scheme 2015/16 £000	LG Pension Scheme 2014/15 £000	LG Unfunded 2015/16 £000	LG Unfunded 2014/15 £000	Fire schemes 2015/16 £000	Fire schemes (restated) 2014/15 £000	Total 2015/16 £000	Total (restated) 2014/15 £000
Comprehensive Income & Expenditure Statement								
<i>Service Cost Comprising:</i>								
Current Service Cost	2,636	2,040	-	-	16,332	14,310	18,968	16,350
Past Service Costs	28		-	-	1,611	14,904	1,639	14,904
<i>Financing and Investment Income and Expenditure:</i>								
Net Interest Expense	902	827	10	13	21,421	23,765	22,333	24,605
Administration Expenses	16	20					16	20
CLG Pension top up grant					(12,152)	(6,988)	(12,152)	(6,988)
Total Post-employment benefits charged to the Surplus or Deficit on the Provision of Services	3,582	2,887	10	13	27,212	45,991	30,804	48,891
<i>Remeasurement of the net defined benefit liability comprising:</i>								
Expected return on plan assets (excluding the amount included in net interest expense)	1,193	(2,024)					1,193	(2,024)
Actuarial gains and losses arising on changes in demographic assumptions								
Actuarial gains and losses arising on changes in financial assumptions								
Other								
Total Post-employment benefits charged to the CIES	1,193	(2,024)	-	-	-	-	1,193	(2,024)
Movement in Reserves Statement								
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post - employment benefits in accordance with the code	(3,582)	(2,887)	(10)	(13)	(27,212)	(45,991)	(30,804)	(48,891)
<i>Actual amount charged against the General Fund Balance for pensions in the year</i>								
Employers contributions payable to scheme	1,613	1,520			4,858	4,928	6,471	6,448
Employers contributions payable to scheme (seconded not charged to general fund)	36	29	-	-	-	8	36	37
Ill health charges					410	228	410	228
Retirement benefits payable to pensioners - Authority			20	20	2,449	2,449	2,469	2,469
Retirement benefits payable to pensioners - Fund	1,259	1,242			22,871	16,391	24,130	17,633
Total Retirement benefits payable to pensioners	1,259	1,242	20	20	25,320	18,840	26,599	20,102

NOTES TO THE CORE FINANCIAL STATEMENTS

Reconciliation of the present value of the scheme liabilities	LG Pension Scheme 2015/16 £000	LG Pension Scheme 2014/15 £000	LG Unfunded 2015/16 £000	LG Unfunded 2014/15 £000	Fire schemes 2015/16 £000	Fire schemes (restated) 2014/15 £000	Total 2015/16 £000	Total (restated) 2014/15 £000
1st April	67,305	54,599	315	292	657,070	547,329	724,690	602,221
Current Service Cost	2,636	2,040	-	-	16,332	14,310	18,968	16,350
Interest Cost	2,278	2,442	10	13	21,421	23,765	23,709	26,220
Contributions by scheme participants	623	581	-	-	5,449	4,240	6,072	4,821
<i>Remeasurement (gains) and losses:</i>								
Actuarial gains and losses arising on changes in demographic assumptions	-	-	-	-	-	-	-	-
Actuarial gains and losses arising on changes in financial assumptions	(5,690)	8,885	(13)	22	(45,818)	74,518	(51,521)	83,425
Experience gains and losses	-	-	34	8	2,217	(3,156)	2,251	(3,148)
Past service Costs	28	-	-	-	1,611	14,904	1,639	14,904
Losses (gains) on curtailments	-	-	-	-	-	-	-	-
Benefits Paid	(1,259)	(1,242)	(20)	(20)	(25,320)	(18,840)	(26,599)	(20,102)
31st March	65,921	67,305	326	315	632,962	657,070	699,209	724,691

Pensions Assets and Liabilities Recognised in the Balance Sheet	2015/16	2014/15
		Restated
	£000	£000
Present value of liabilities		
LGPS	(65,921)	(67,305)
LGPS- unfunded	(326)	(315)
Firefighters Pension schemes	(593,869)	(615,536)
Firefighters Compensation Regulations	(39,093)	(41,535)
Fair value of assets in the LGPS	41,148	39,967
	(658,061)	(684,723)
Surplus/(deficit) in the scheme:		
LGPS	(24,773)	(27,338)
LGPS- unfunded	(326)	(315)
Firefighters Pension schemes	(593,869)	(615,536)
Firefighters Compensation Regulations	(39,093)	(41,535)
Net Liability arising from defined benefit obligation	(658,061)	(684,723)

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. All schemes have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the Devon Fund being based on the latest full valuation of the scheme undertaken in 2014.

The value of pension assets is estimated based upon information available at the Balance Sheet date, but these valuations may be earlier than the Balance Sheet date. The actual valuations at the Balance Sheet date, which may not be available until some time later, may give a different value of pension assets, but this difference is not considered to be material.

The Fire Fund has no assets to cover its liabilities. The Local Government Pension Schemes assets consist of the following categories, by proportion of the total assets held:-

NOTES TO THE CORE FINANCIAL STATEMENTS

Note 30 Pension Schemes

Proportion of assets held - LGPS	£000	31 March 2016	£000	31 March 2015
		%		%
Gilts	1,132	3%	2,453	6%
UK Equities	9,930	24%	10,089	25%
Overseas Equities	13,224	32%	13,600	34%
Property	4,608	11%	4,093	10%
Infrastructure	1,558	4%	1,085	3%
Target Return Portfolio	5,994	15%	5,891	15%
Cash	917	2%	688	2%
Other Bonds	1,460	4%	1,354	3%
Alternative assets	2,325	6%	714	2%
Total Fair value of LGPS assets	41,148	100%	39,967	100%

Based on estimated bid values.

Movement between the opening and closing balances of the fair value of assets:	Year to 31 March 2016	Year to 31 March 2015
	£000	£000
Opening fair value	39,967	35,461
Interest Income	1,376	1,615
Return on plan assets (excluding the amount included in net interest expense)	(1,193)	2,024
Other Actuarial Gains/ (Losses)	-	-
Administration Expenses	(16)	(20)
Contributions by employer	1,670	1,569
Contributions by scheme participants	623	581
Estimated benefits paid	(1,279)	(1,262)
Fair value of scheme assets at end of period	41,148	39,967

Basis for establishing assets and liabilities	LG Pension Scheme 2015/16	LG Pension Scheme 2014/15	LG Unfunded 2015/16	LG Unfunded 2014/15	Fire Schemes 2015/16	Fire Schemes (restated) 2014/15
	£000	£000	£000	£000	£000	£000
Long-term expected rate of return on assets in the scheme	5.4%	5.4%				
Mortality assumptions						
Longevity at 65 for current pensioners						
Men	22.90	22.80	22.90	22.80	22.70	22.60
Women	26.20	26.10	26.20	26.10	25.90	25.80
Longevity at 65 for future pensioners						
Men	25.20	25.10	25.20	25.10	24.90	24.80
Women	28.60	28.40	28.60	28.40	28.20	28.10
Rate of inflation RPI	3.4%	3.3%	3.4%	3.3%	3.2%	3.2%
Rate of inflation CPI	2.5%	2.5%	2.5%	2.5%	2.3%	2.4%
Rate of increase in salaries	4.3%	4.3%			4.1%	4.2%
Rate of increase in pensions	2.5%	2.5%	2.5%	2.5%	2.3%	2.4%
Rate of increase in deferred pensions	2.6%	2.6%				
Rate for discounting scheme liabilities	3.8%	3.4%	3.8%	3.4%	3.6%	3.3%
Take-up of option to convert annual pension into retirement lump sum	50% of commutable pension				50% of commutable pension	

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes that the assumption analysed changes while all the other changes remain constant.

Sensitivity Analysis 2015/16	LG Pension Scheme	Fire Schemes	* Present Value of Total Obligation
	PV* £000	PV* £000	
Adjustment to the Discount Rate			
+0.1%	64,894	621,893	
0.0%	66,247	632,962	
-0.1%	67,630	644,246	
Adjustment to Long Term Salary Increase			
+0.1%	66,454	634,145	
0.0%	66,247	632,962	
-0.1%	66,042	631,785	
Adjustment to Pension Increases and Deferred Revaluation			
+0.1%	67,439	643,196	
0.0%	66,247	632,962	
-0.1%	65,081	622,920	
Adjustment to Mortality Age Rating Assumption			
+ 1 year	68,172	653,482	
None	66,247	632,962	
- 1 year	64,378	613,104	

NOTES TO THE CORE FINANCIAL STATEMENTS

31. CONTINGENT LIABILITIES

There are no contingent liabilities identified.

32. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

KEY RISKS

The Authority's activities expose it to a variety of financial risks:

Credit risk – the possibility that other parties might fail to pay amounts due to the Authority.

Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.

Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority's overall financial risk management procedures focus on the unpredictability of financial markets and seek to minimise those risks. The procedures for risk management are set out through a legal framework in the **Local Government Act** and the associated regulations. These require the Authority to comply with the CIPFA Prudential code and The CIPFA Treasury Management in the Public Services Code of Practice. The Authority's Treasury Management explains the risks to the Authority and sets procedures to be followed in order to keep such risks to a minimum.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they comply with the requirements of the Authority's Treasury Management Policy mentioned above.

The following summarises the Authority's potential maximum exposure to credit risk, based on experience of default over the last five years.

	Amount as at 31 March 2016 £000	Historical Experience of Default £000	Historical Experience adjusted for market conditions as at 31 March 2016 £000	Estimated maximum exposure to default and uncollectability £000
Deposits with bank & financial institutions	27,338			
Central government & other local authorities	8,707			
Trade & other debtors	2,019			
Total	38,063	-	-	-

All deposits with the bank and financial institutions are due within a year. The Authority generally allows 28 days for debts to be settled before debt recovery processes are implemented. As at the 31 March 2016, the value of debt which exceeded this period was £24K, broken down as follows:

	2015/16 £000	2014/15 £000
Two to Three Months	23	14
Over Three Months	1	11
Total	24	25

An allowance for bad debts of £5k has been made at the year- end.

NOTES TO THE CORE FINANCIAL STATEMENTS

Liquidity Risk

The funding of the Authority comes from a variety of sources, the major ones being central government (RSG & NNDR), other local authorities (council tax) and the Public Works Loan Board (PWLB). Therefore there is no significant risk that it will be unable to raise finance to meet its liabilities. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. Accordingly, in line with its Treasury Management Policy, care is taken as to when loans are taken from PWLB or require repayment.

The maturity analysis of financial liabilities is as follows:-

	2015/16 £000	Restated 2014/15 £000
Less than one year – including trade and other creditors	5,381	7,008
Between one and two years – PWLB loan repayments	93	93
Between two and five years – PWLB loan repayments	780	280
More than five years – PWLB loan repayments	24,817	25,444
Total	31,071	32,825

Market Risk

Interest Rate risk

The Authority is exposed to interest movements on its borrowings and investments. All borrowings and investments are on fixed rates. If, for example, there was an increase in interest rates it would have the following effects:

- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried on the balance sheet at fair value, so nominal gains and losses on fixed rate borrowings would not impact upon the Income & Expenditure account. The Authority has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to inform the budget monitoring process during the year.

Price Risk

The Authority does not invest in equity shares and is therefore not exposed to losses arising from movements in the prices of shares.

Foreign Exchange risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

THE PENSION FUND

The Authority participates in four fire pension schemes those being the 1992 Firefighters Pension Scheme, 2006 New Firefighters Pension Scheme (NFPS), 2006 modified and 2015 Fire Pension Scheme. Since its inception the 2006 NFPS has been extended to allow recognition of service back to 2000. Anyone electing to buy back this service and/or continue to contribute technically belongs to the 2006 Modified scheme. For the purposes of this years accounts all fire scheme entries are shown under the one heading.

Schemes are classed as “unfunded” in that they have no investment assets, with retirement benefits now being met in year from a newly created Pension Fund. Out of the fund come pension costs and commutation payments with the “income” coming from employees and employers superannuation contributions and a “top-up” grant from central government (Communities and Local Government), to balance the fund to nil.

The fire pension fund is currently dissimilar to a normal pension fund in that it has no trustees, bank account or investment assets. The fund is managed on a separate ledger to that for normal activities of the authority. Items of income and expenditure are recognised on the date of the cash transaction.

Firefighter Pensions Fund	2015/16	Restated 2014/15
	£000	£000
Contributions receivable from:		
Fire authority:-		
a) contributions in relation to pensionable pay	(4,858)	(4,935)
b) early ill health retirements	(410)	(228)
c) Firefighters contributions	(5,449)	(4,240)
	(10,717)	(9,403)
Transfers In	(42)	-
Benefits payable		
e) pensions	15,664	14,573
f) commutations and lump sum benefits	5,032	1,538
g) lump sum death benefits	-	33
h) GAD arrears	2,217	
Payments to and on account of leavers		
i) transfers out	-	247
Net amount payable for the year	12,154	6,988
Top up grant payable by the government	(12,154)	(6,988)
	-	-
Net Assets Statement		
	2015/16	2014/15
	£000	£000
Current assets		
Recoverable overpayments of pensions Devon & Somerset Fire Authority - debtor	(3,679)	391
Current liabilities		
Top up grant payable from HomeOffice - creditor	3,679	(391)
Total	-	-

Note 1 - £8.474m had been received from CLG by 31st March 2016, comprising £6.255m being 80% of notified top up grant available and £2.219m in respect of GAD arrears. As there was a funding shortfall £3.679m is due from the Home Office in order to balance total costs to total income within the Fund.

Note 2 - As DSFRS has paid or will pay all pensions and commutation payments from its own bank account it is due reimbursement for costs incurred.

Note 3 - It should be noted that the amounts included within the firefighters pension fund are only for the period of 2015/16 and do not take into account liabilities to pay pensions or benefits after that period.

Note 4 - Included within the final 2014/15 SOA Benefits Payable, Top up Grant and Net Assets Statement was an amount of £2.215m for liabilities which had arisen as a result of a determination by the Government Actuary Department on Commutation Factors effecting the 1992 Firefighters Pension Scheme. Following confirmation from central government these costs and related grant are now shown within the 2015/16 year.

GLOSSARY OF TERMS

Accounting Policies

Rules and practices adopted by the Authority that dictate how transactions and events are shown and costed.

Accruals

Income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuary

An independent professional who advises on the position of the pension fund.

Actuarial Valuation

The Actuary reviews the assets and liabilities of the pension fund every three years.

Assets

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

Balance Sheet

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

Capital Expenditure

Expenditure on the acquisition of fixed assets or expenditure which adds to and not merely maintains the value of existing fixed assets.

Capital Financing Costs

Costs associated with the financing of fixed assets, representing interest and principal repayments on loans and contributions from revenue reserves towards capital payments.

Capital Receipts

Proceeds from the sale of assets, which may be used to finance new capital expenditure or set aside for the repayment of external loans

Cash equivalents

Short term, highly liquid investments which have little scope for changes in value.

Cash Flow Statement

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

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the main professional body for accountants working in the public service.

Collection Fund Adjustment Account

A reserve on the balance sheet used to hold accounting differences attributable to the collection of council tax.

Comprehensive Income and Expenditure Statement

This is a core statement reporting the net cost of the Authority and demonstrates how this cost has been financed from grants and tax payers.

The "Code"

The Code of Practice on Local Authority Accounting in the United Kingdom 2014/15. This prescribes the form and content of the Statement of Accounts, and is published by a joint committee of CIPFA and LASAAC. It is based on approved accounting standards and reflects specific statutory accounting requirements. Compliance with the Code is necessary in order that the Authority's Accounts give a "true and fair" view of its financial position and performance.

Contingent Liability

A potential liability at the balance sheet date, which is still uncertain when the accounts are submitted for approval. The liability will be included in the balance sheet if it can be estimated reasonably accurately. Otherwise the liability will be disclosed as a note to the accounts.

Creditors

Amounts owed by the Authority for goods and services received on or before 31 March.

Current Assets

Assets that are expected to be used in the short term (less than one year), such as cash and inventories.

Debtors

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

Defined Benefit Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually the scheme rules define the benefits independently of the contributions payable, are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Depreciation

The measure of the wearing out, consumption or other reduction in the economic life of a fixed asset, whether arising from use, passing of time or obsolescence through technical or other changes.

Earmarked Reserves

Amounts set aside for a specific purpose, a particular service or a type of expenditure. Technically, they are part of the General Fund, but they are set out as a separate part of usable reserves.

GLOSSARY OF TERMS

Financial Instruments

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

Heritage asset

An asset that is held primarily for its contribution to knowledge or culture.

International Financial Reporting Standards (IFRS)

The basis for reporting local authority accounts which came into effect on the 1st April 2010, replacing the standards on which the Statement of Recommended Practice (SORP) was based.

Inventories

The new name for stocks.

Leasing

There are two main types of leasing arrangements:

Finance leases which transfer all the risks and rewards of ownership of a fixed asset to the lessee and such assets are included within the fixed assets in the balance sheet.

Operating leases where the risks and rewards of ownership of the asset remain with the leasing company and the annual rental is charged directly to the revenue account.

Liabilities

Amounts owed by the Authority to lenders or suppliers.

Long-term borrowing

Loans raised to finance capital spending which have still to be repaid.

Minimum Revenue Provision

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

Movement in Reserves Statement

A Statement showing the movement in the year on the usable and unusable reserves held by the Authority.

National Non-Domestic Rates (NNDR)

A flat rate in the pound set by Government, sometimes known as "Business Rates", levied on businesses and paid into a National Pool. The Authority receives a share from the National Pool as part of its annual funding - the redistributed amount or 'NNDR Grant'.

Property, Plant and Equipment

The term for tangible fixed assets - i.e. Assets with physical substance that are held for use in the production or supply of goods and services or for administrative purposes, and are expected to be used during more than one accounting period.

Private Finance Initiative (PFI)

A credit arrangement which enables private sector financing of public sector facilities or services.

Provisions

Amounts set aside for any liability that is likely to be incurred but where the exact amount and the date on which it will arise are uncertain.

Projected Unit Method

An accrued benefit valuation method in which the Scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a method in which the scheme liabilities at the valuation date relate to:

- a) The benefits for pensioners and deferred pensioners (i.e. Individuals who have ceased to be active members but are entitled at a later date) and their dependants allowing where appropriate for future increases, and
- b) The accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

PWLB

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

Reserves

Sums of money set aside to meet general rather than specific future liabilities. The sums set aside are charged to general funds and not to Reserve Accounts.

Revaluation

The fair value of assets recorded in the Balance Sheet at current value should be formally reviewed by a professional valuer at intervals of no more than five years, and the revised value should be included in the Balance Sheet.

Revaluation Reserve

A record of the accumulated gains on the fair value of property, plant and equipment arising from inflation or other factors, to the extent that these gains have not been consumed by subsequent reductions in value. The balance on this reserve is carried forward as part of the Unusable Reserves in the Balance Sheet.

Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Treasury Management

The management of cash flows, banking, lending and borrowing; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

CERTIFICATION OF ISSUE

The unaudited accounts were issued on the 17th June 2016 and the audited accounts were authorised for issue on the 12 September 2016.

Kevin Woodward

Ray Radford

Kevin Woodward
Treasurer to the Authority

Ray Radford
Chair Audit Performance Review Committee

12 September 2016

12 September 2016