Staffordshire
Fire and Rescue Service
preventing • protecting • responding

Statement of Accounts 2012/13

Contents

Explanatory Foreword

Introduction

The purpose of this foreword is to provide the reader with:

1. An understanding of the accounting statements;
2. A review of the Authority's financial performance in 2012/13;
3. An explanation of the Authority's financial position;
4. An overview of future developments impacting on the Authority.

Background

Stoke on Trent and Staffordshire Fire and Rescue Authority is responsible for the finances of Staffordshire Fire and Rescue Service (SFRS), with a net budget of £43.4m for 2012/13. The Authority is responsible for providing fire and rescue services to a population of over one million people in the City of Stoke on Trent and the County of Staffordshire and attends approximately 9,000 emergency incidents per year with over 23,000 calls dealt with by our Command and Control personnel. The Authority manages its affairs to ensure that proper arrangements are in place for delivering value for money through; securing financial resilience and challenging how it secures economy, efficiency and effectiveness. It is imperative that the Authority continues to play a leading role in the communities that it serves, and through the continued provision of a high quality service will ensure that Staffordshire remains one of the safest places to be.

Accounting Statements

The Statement of Accounts is published to present fairly the financial position and transactions of the Authority in a fair and transparent manner. Its format is prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA). A glossary to explain some of the technical terms is included at the back of this report.

The main statements consist of:

- **Statement of Responsibilities for the Statement of Accounts** which sets out the responsibilities of the Authority and the Treasurer for the accounts;

- **Annual Governance Statement** (replacing the Statement of Internal Control) which assesses the adequacy of the Authority's governance arrangements and identifies where improvements can be made;

- **Statement of Accounting Policies** which sets out the basis for recognising, measuring and disclosing transactions in the accounts;

- **Comprehensive Income and Expenditure Statement** which summarises income and expenditure on the Authority's services during 2012/13; and presents all the recognised gains and losses of the Authority during 2012/13;

- **Movement in Reserves Statement** which reconciles the Income and Expenditure Account with General Fund Balances taking into account contributions to reserves committed for future expenditure;

- **Balance Sheet** which sets out the Authority's financial position as at 31 March 2013;

- **Cash Flow Statement** which summarises the inflows and outflows of cash in the year.

In addition, this report also includes the Pension Fund Account for the Firefighter pension schemes.

The Statement of Accounts have been prepared in accordance with the accounting principles' contained within the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and International Financial Reporting Standards (IFRS).

Where the funding came from

The Authority receives a Revenue Support Grant and a redistribution of National Non Domestic (Business) Rates from Central Government and it levies a precept on the nine local authorities. In addition to this it receives other income from partnerships and charges as a direct contribution to expenditure incurred.

During 2012/13 the Authority agreed to freeze council tax resulting in a band D council tax remaining unchanged at £67.64 (less than £1.30 per week per property). The Government agreed to compensate those Authorities who held council tax at the same level as 2010/11, and compensation of £0.7m was received for 2011/12 and £1.4m for 2012/13, as shown within the table below.

Actual funding received in 2012/13 was as follows:

	£m	%
Precepts	24.5	56
National Non Domestic (Business) Rates	18.6	43
Revenue Support Grant	0.3	1
Total Approved Budget 2012/13	**43.4**	**100**
Government Grant (zero precept increase)	1.4	
Total Funding 2012/13	**44.8**	

Please note that included in the above £44.8m are costs that are charged after the Net Costs of Service of £46.3m (page 26), which include the loss on disposal, interest payable on debt and leases and the credit of investment income.

What the funding was spent on

The Authority's actual revenue costs net of other income in 2012/13 can be summarised as follows:

	£m	%
Payroll	32.1	72
Running expenses net of income	8.1	18
Finance costs	2.4	5
Contribution to Reserves	2.2	5
Total Revenue Expenditure	**44.8**	**100**

Revenue Expenditure and the General Reserve

The Authority is required to prepare the accounts within the framework published by the Chartered Institute of Public Finance and Accountancy (CIPFA), the International Financial Reporting Standards (IFRS) and the Government, the results of which are a deficit for the year of £11.98m (2011/12 was a deficit of £19.462m). However, this includes pensions and depreciation costs which are not chargeable to tax payers (nationally and locally) and when these amounts are excluded, the final position for the financial year is break even and is set out in the following table:

	Actual £m
Revenue Expenditure	
Net Expenditure (Including net contribution to reserves)	44.8
Government grant & precept income	44.8
Deficit for the Year	0.0
Adjustments to Deficit for Taxation purposes from Statement of Movement on the General Fund Balance	0.0

	Actual £m
General Reserves	
General Reserves balance 1 April 2012	1.9
Break Even for the Year	0.0
General Reserves balance 31 March 2013	**1.9**
Other (useable) Reserves	
Other Reserves balance 1 April 2012	6.4
Net Increase in Reserves	2.2
Other (useable) Reserves balance 31 March 2013	**8.6**

This means that the General Reserve brought forward from 2011/12 remains at £1.9 million at the end March 2013. The Other (Useable) Reserve has increased by £2.2m in the year due to the impact of the Business Transformation Programme resulting in efficiencies and savings in line with the financial strategy for the Authority.

The overall increase in Other Reserves will provide some financial resilience allowing investment in projects to enable future savings to be delivered by the Service in response to the significant funding reductions imposed on local Government, as part of the Central Government's austerity agenda.

Capital Expenditure

In 2012/13 the Authority spent £4.6m on capital projects and these can be summarised as follows:

	£m	%
Land and Buildings	1.9	41
Vehicles, Plant and Equipment	1.7	37
Information Technology	0.6	13
Risk Reduction Equipment	0.4	9
Total Capital Expenditure	**4.6**	**100**

Land and buildings included £0.5m for the purchase of land at Longton and Loggerheads to support the second Private Finance Initiative (PFI 2), and also the completion of a station refurbishment at Barton (£1.0m), incorporating both community facilities and accommodation for the local community Policing team. A further £0.4m has been spent on building enhancements.

Vehicles, plant and equipment included the purchase of 4 new Scania pumping appliances, and two water rescue units and the phased rollout of new Personal Protective Equipment (PPE).

Risk reduction spend of £0.4m included equipment to support our Home Fire Risk Checks (HFRC) programme (e.g. smoke alarms, sprinklers). Just over 30,000 HFRC's were completed free of charge within our communities during 2012/13, helping to support our vision of Staffordshire being one of the safest places to be, and also the Service to achieve its best ever results in terms of deaths and injuries with a total of 20 reported during the year (27 reported in 2011/12).

The capital expenditure was financed from two sources: £3.1m from internal borrowing (which included the capital receipt following the sale of the old Fire Station in Newcastle), and £1.5m from government grants

Pensions

Accounting standards require the full cost of pension benefits as they are earned to be reported in the accounts. The impact of this requirement on the accounts is significant with the total liability for pensions amounting to £408 million and this is the main reason for the excess of £380 million worth of liabilities over assets.

In respect of the firefighters pension scheme the annual cost after contributions excluding the cost of ill health and injury awards are met from a top up grant from Central Government.

Financial Position

The net spending on revenue and capital during 2012/13 has maintained the Authority's general reserve as £1.9 million at 31 March 2013. This provides the Authority with flexibility in operating an emergency service that is faced by demand led activities and is vital to ensure that operational risks are adequately covered. In addition there is £10.9 million in other reserves of which £8.6 million are useable by the Service, earmarked to meet future specific costs, to be used as investment into spend to save projects, or general funding requirements for the Revenue or Capital Programme.

The overall increase in our reserves has been due to the commitment of this Authority to reduce costs alongside our ambitious Business Transformation Programme. This will ensure that we are prepared for the significant funding cuts that have been announced as part of the austerity measures imposed by central Government. This Authority has so far been informed of funding reductions amounting to £3.7m during 2013/14 and 2014/15 with further significant reductions forecast for 2015 and beyond.

The Business Transformation Team led by the Director for Organisational Development was established during 2010/11, and is looking at new and innovative ways of improving the business processes within the Service. The Service is currently on track to deliver the target savings of £4.0m by 2014/15, as incorporated within the Medium Term Financial Strategy for the Authority.

The Service is also engaging in a number of worksteams, reviewing our overall Strategic Cover across Stoke on Trent and Staffordshire. Employees from across all disciplines are involved in key review areas, looking at new and innovative ways of ensuring that we continue to provide a high quality service to the communities that we serve in Stoke on Trent and Staffordshire.

The Chief Fire Officer is firmly committed to achieving the business transformation savings without compromising community or firefighter safety, but still protecting as many livelihoods as possible.

Investments

The Authority is continuing to take a very cautious approach in investing its surplus cash in line with the Treasury Management Strategy. The approved lending list is restricted to UK Government backed deposits and AAA rated money market funds which reflect our risk averse approach to investments.

Future Developments

Staffordshire Fire and Rescue has continued with an ambitious investment programme supporting the Corporate Safety Plan and Medium Term Financial Strategy of the Authority. This Integrated Asset and Development Strategy (IADS) include a programme to update fire stations through a combination of Private Finance Initiative (PFI) and borrowing.

PFI 1

In 2006, the Authority successfully bid for £50m PFI credits to build three brand new fire stations and rebuild seven existing stations. The contract was awarded to Fire Support, and increased the number of fire stations in the Authority's area from 30 to 33. The three new stations were built in new locations in response to information gathering and risk profiling. The ten stations in the project are now fully operational, delivered on time, on budget and to the required quality, with the last station (Newcastle) being handed over to the Authority on 25 November 2011. The other stations in the scheme are at Hanley, Burslem, Kidsgrove, Cannock, Tamworth, Mercia (Tamworth Retained), Sandyford and Uttoxeter. The stations have a clear community focus and community groups are encouraged to use the facilities at the stations.

PFI 2

In April 2010, a bid for a second allocation of further PFI funding was secured. This funding will enable ten further stations to be rebuilt across the County at Longton, Burton upon Trent, Lichfield, Leek, Chase Terrace, Penkridge, Kinver, Rugeley, Stone and Codsall and to build a brand new station at Loggerheads which will replace the current station at Ashley.

The Preferred Bidder Blue3 was appointed in June 2012 and Staffordshire got the official go ahead on 11 July 2013 with financial close taking place in London.

Community use

There are currently 16 community fire stations across the county of Staffordshire all of which have some space made available, free of charge, to community groups and partners for activities which support the priorities of Staffordshire Strategic Partnership. The policy to provide facilities to the communities of Stoke on Trent and Staffordshire is underpinned by the county-wide strategic partnership objectives that "Staffordshire will have a thriving economy" and "Staffordshire will be a safe, healthy and aspirational place to live".

The application process ensures that groups run by the community for the benefit of the community and to date the community use is exceeding our expectations, with over 800 hours of community use on average per month, allowing the Service to fully engage and better understand the needs of our communities.

Through both PFI projects Stoke-on-Trent and Staffordshire Fire and Rescue Service will have a total of twenty one new or rebuilt stations by 2015, which is in addition to the station refurbishment programme which has already seen six stations fully refurbished as at March 2013.

Further Information

The purpose of the Statement of Accounts is to give the reader a clear understanding of the Authority's finances. In this report I have attempted to provide analyses of what I believe are the key issues in a way that I hope is meaningful.

Further information about the Accounts is available from the Finance Department, Pirehill, Stone, ST15 0BS. Also, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the Accounts for inspection is advertised in the local press throughout the County.

David Greensmith ACMA CGMA
Director of Finance, Assets and Resources, Section 151 Officer, Treasurer to the Authority

Date: 10th September 2013

Audit Certificate

Independent Auditor's report to the Members of Stoke on Trent and Staffordshire Fire and Rescue Authority

Opinion on the Authority financial statements

We have audited the financial statements of Stoke on Trent and Staffordshire Fire and Rescue Authority for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes 1 to 8. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of Stoke on Trent and Staffordshire Fire and Rescue Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Finance, Assets and Resources and auditor

As explained more fully in the Statement of the Director of Finance, Assets and Resources Responsibilities, the Director of Finance, Assets and Resources is responsible for the preparation of the Statement of Accounts, which includes the Authority financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance, Assets and Resources; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Stoke on Trent and Staffordshire Fire and Rescue Authority as at 31 March 2013 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, Stoke on Trent and Staffordshire Fire and Rescue Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

Certificate

We certify that we have completed the audit of the financial statements of Stoke on Trent and Staffordshire Fire and Rescue Authority in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

James Cook
Associate Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor
Grant Thornton UK LLP
Colmore Plaza
20 Colmore Circus
Birmingham
B4 6AT

27 September 2013

Statement of Responsibilities

The Authority's Responsibilities

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 this authority, the responsibility of Chief Financial Officer is allocated to the Director of Finance, Assets and Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

Chairman's Certificate

I certify that the 2012/13 Statement of Accounts for Stoke on Trent and Staffordshire Fire and Rescue Authority were approved by the Audit Committee on 10th September 2013.

…………………………………………….

Mrs C Atkins
Chairman of the Audit Committee

Date: 10th September 2013

The Chief Financial Officer Responsibilities

The Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper accounting practices as set out in CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the SORP). The Chief Financial Officer is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2013.

In preparing this statement of accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- complied with the local authority Code of Practice.

The Chief Financial Officer has also:

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

Chief Financial Officer's Certificate

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Stoke on Trent and Staffordshire Fire and Rescue Authority as at 31 March 2013 and the income and expenditure for the year ending 31 March 2013.

……………………………………………..

David Greensmith ACMA CGMA
Director of Finance, Assets and Resources, Section 151 Officer, Treasurer to the Authority

Date: 10th September 2013

Annual Governance Statement

Scope of Responsibility

The Authority is responsible for ensuring that:

- Business is conducted in accordance with the law and proper standards,
- Public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging these overall responsibilities, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Authority has approved and adopted an updated Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE framework “Delivering Good Governance in Local Government”. Copies of the code can be obtained from the Secretary to the Authority.

This statement explains how the Authority has complied with the Code and also meets the requirements of Regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

The Governance Framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Governance Framework has been in place at the Authority for the year ended 31st March 2013 and up to the date of approval of the 2012/13 Statement of Accounts.

The Governance Framework

The Authority’s Governance Framework is made up of many systems, policies, procedures and operations. The key elements are as follows:

<u>Stoke-on-Trent and Staffordshire Corporate Safety Plan 2011-2014</u>

The Authority has consolidated the IRMP (Integrated Risk Management Plan) and the Strategic Plan into one document now called the Corporate Safety Plan that has established our Corporate Aims and Objectives for the three years to 2013/14. This Plan was approved by the Fire Authority in 22nd March 2011, and sets out the objectives and strategic priorities of the Authority based on extensive consultation with all stakeholders, and fulfills the requirements of the Fire & Rescue Service National Framework Document

Performance Management

A well established and robust performance management system is in place throughout the Authority with regular performance monitoring being carried out by Directors. A detailed financial presentation is incorporated into the agenda of the Service Delivery Board which meets on a monthly basis and includes key stakeholders from across the Service.

A detailed Resources Control Report is published internally on a monthly basis and incorporates all of the key information expected as part of a commercially focused set of Management Accounts. The Resource Control report closely monitors the performance of the Authority and achievement of actual savings achieved through its robust Business Transformation Programme.

Revenue and Capital financial reports are presented to, and scrutinised by Members of the Authority's Strategy and Resources Committee on a quarterly basis.

As part of its corporate planning the Authority sets out the key performance indicators both quantitative and qualitative that measure the delivery of its strategic objectives. Achievements against these key performance indicators are reported monthly to the Service Delivery Board and regular monitoring reports are sent to the Scrutiny and Performance Committee. Performance reports inform resource allocation decisions.

Framework

The framework for running the Authority and Service are embodied in various statutes, standing orders, financial regulations, scheme of delegation, and there are Codes of Conduct for both members and staff. These are regularly reviewed and induction and training are provided where appropriate. The Authority has Terms of Reference for its Committees which are reviewed annually by the full Authority.

There are a range of policies including anti fraud and corruption, anti money laundering and a confidential reporting code (whistle-blowing) which are all reviewed and updated as appropriate.

The Authority has a robust process for risk management and strategic risks are linked into corporate objectives.

The Authority has well established methods of communication with various stakeholders and has invested in the development of a robust communications team.

The Authority has developed a partnership tool kit that includes a charter and a partnership agreement and it has a partnership register.

Review of Effectiveness

The review of the effectiveness of internal control is informed by the work of Directors who have responsibility for the development and maintenance of the internal control environment, as well as the Authority's Monitoring Officer, Internal Audit and Managers who have day to day responsibility for ensuring the Governance Framework is functioning properly. Additional comments are made by external audit and other review agencies and inspectorates.

The Service Delivery Board, Service Management Board, the Authority and its Committees have maintained their Governance by setting the Annual Performance Plan and budget for 2012/13. During the financial year they have received, reviewed and scrutinised reports. Performance delivery and budget management have been kept under regular review and where appropriate remedial action and resource reallocation has been instigated. The Authority held a number of Member Development Workshops throughout the year to ensure that all Members were kept fully upto date with current issues affecting the Service, therefore maximising the effectiveness of Members and importantly their contribution to development and improvement of the Service.

Throughout the year Internal Audit has carried out a range of planned reviews of systems and internal controls across the Service. During 2012/13, twelve audit reviews were undertaken and Table 1 summarises the systems coverage against the Audit Plan and associated opinions.

Table 1

System Description	Opinion			
	Substantial	Satisfactory	Limited	Consultancy
National Fraud Initiative				√
Bank Account Reconciliation	√			
General Ledger	√			
Firefighter – Pensions Administration (Appendix 1)	√			
Payroll Processing Procedures	√			
Health & Safety Arrangements	√			
Business Transformation– Project Management	√			
Procurement – Supply Chain Management (Appendix 1)		√		
Partnerships – Shared Fire Control Collaboration	√			
Community Interest Company (Appendix 1)				√
Proactive Fraud & Corruption Checks (Appendix 1)		√		
Single Point of Entry (Firewatch) System – Procurement Review	√			
Total Audits Delivered (12)	**8**	**2**	**0**	**2**

In addition to the above, a fraud awareness session was undertaken during 2012/13 for Members of the Audit Committee to provide an overview of fraud risks affecting public sector organisations.

Four high level recommendations were made in the previous year, 2011/12. These related to improvements to be made to the pensions administration system, the business continuity management arrangements in place and also the need to carry out some sensitivity analysis on one of the bidders final tender submissions as part of the PFI~2 contract letting process. The latter recommendation was immediately implemented prior to the award of the contract. The remaining three recommendations have been followed up during 2012/13 and it has been confirmed that in each case, the high level recommendation has been implemented in full.

In relation to our planned internal audit work in 2012/13, no high level recommendations have been made.

The audit reviews have resulted in substantial assurance on 8 occasions and satisfactory assurance on 2 occasions. For the remaining two reviews, no opinion was given due to the nature of the work undertaken.

Performance Against the CIPFA Code of Practice for Internal Audit

A summary of responses to the individual questions included in the self assessment checklist against the requirements of the CIPFA Code of Practice for Internal Audit in Local Government 2006 is detailed below and it can be seen that 97% of processes/controls are deemed to be fully in place.

Process/Control In-Place	Process/Control Partially In Place	Process/Control Not In Place	Process/Control Not Applicable
176 (97%)	4*** (2%)	0	2 (1%)

Having regard for the results of this work, together with the fact that there were no irregularities referred to Internal Audit during the 2012/13 financial year, no limited assurance opinions awarded in the systems audit reviews carried out as well as no high level recommendations made as part of these reviews, a **“substantial”** opinion on the overall adequacy and effectiveness of the internal control environment has been given.

External Audit

On 22 November 2012 the Strategy and Resources Committee considered the Annual Audit Letter for 2011/12.

The Audit Commission issued an unqualified opinion within the Annual Audit Letter for the Financial Statements stating that Staffordshire Fire and Rescue Service has proper arrangements to secure economy, efficiency and effectiveness in the use of its resources for the year ended 31 March 2012.

Within the determination the Audit Commission considered the following two areas, to ensure that the Authority has proper arrangements in place for securing value for money, through:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness

Ongoing Review and Governance Arrangements

We propose over the coming year to keep our governance arrangements under review by supplying periodic reports to members of the Audit Committee.

……………………………………

L W Bloomer
Chair of Stoke on Trent and
Staffordshire Fire and Rescue Authority:

Date: 10th September 2013

…………………………………….

P Dartford
Chief Fire Officer / Chief Executive:

Date: 10th September 2013

……………………………………..

D Greensmith ACMA CGMA
Director of Finance, Assets and Resources /Section 151 Officer /Treasurer to the Authority

Date: 10th September 2013

Statement of Main Accounting Policies

1. General Principles

The Statement of Accounts have been prepared in accordance with proper accounting principles contained within the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the International Financial Reporting Standards (IFRS).

2. Property, Plant and Equipment

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment (PP&E) has been capitalised provided it yields benefit to the Authority for more than one year. Capital expenditure enhances the value, usage or life of an asset.

PP&E valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). PP&E are classified into the groupings required by the Code of Practice on Local Authority Accounting and valued on the following basis:

- Land is included in the balance sheet at net current replacement cost.
- Properties where there is evidence of Market Value are valued at Open Market Value for Existing Use. Specialised properties, where there is no evidence of market value, are valued at Depreciated Replacement Cost.
- Plant and Equipment is measured at the purchase price and any attributable costs.

The Authority has a de-minimus of £10,000.

Component accounting

From the 1st April 2010 the Authority has adopted component accounting, as set out in IAS 16 – Property, Plant & Equipment. The Authority has componentised all Property, Plant and Equipment where the components have a distinctly different economic life. This enables PP&E to be accurately and fairly included in the Authority's Comprehensive Income and Expenditure Statement (CIES) so that the depreciation charge properly reflects the consumption of the asset.

Where there is more than one significant part of the same asset which has the same useful life and depreciation method, such parts have been grouped together.

Where a component of an existing asset has to be de-recognised and the component amount is not known, then an estimate using a reasonable basis has been used. The component calculation is established using the replacement cost of the component, indexed back to the original component's inception and adjusted for any subsequent depreciation and impairment.

Any surpluses arising on the initial valuation of fixed assets have been credited to the Capital Adjustment Account. Surpluses arising on revaluation are credited to the Revaluation Reserve. In 2008/2009 all fixed assets were revalued to ensure that the current market conditions brought about by the economic situation are properly reflected in asset values. Subsequent revaluations of fixed assets are planned on a rolling 5-year programme although material changes (enhancement or impairment) to the asset valuation will be adjusted in the interim period as they occur.

3. Intangible Assets

The Authority defines intangible assets as identifiable non-monetary asset without physical substance; as per IAS 38. The intangible assets (e.g. computer software) are measured at cost.

4. Basis of Charge for the use of Assets

A depreciation charge is reflected in the CIES and is calculated on all PP&E and Intangible assets according to the following policy:-

- A charge is made for all fixed assets with a finite useful life. This charge is calculated using the straight line method.
- Land is not normally depreciated.
- Buildings are depreciated in accordance with IAS 16 – Property, Plant and Equipment. According to the most recent valuation report, all buildings have an asset life of 60 years and are depreciated on a straight line basis over this period.
- Operational vehicles, plant and equipment have an asset life between 5 and 10 years. Fire appliances have an asset life of between 11 and 15 years. Both classes are depreciated on a straight line basis over these periods.
- Information technology assets have an asset life of 3-5 years and are depreciated on a straight line basis over this period.
- Newly acquired assets are depreciated from the year following acquisition. Assets in the course of construction are not depreciated until used.
- Intangible assets are amortised over their economic life (between 3 and 10 years).

5. Revenue Provision for the Repayment of Debt

In accordance with the new requirements of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 the Authority is required to calculate a 'prudent' level for the repayment of debt. This is achieved through 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. This charge is calculated as follows:

- For capital expenditure incurred before 1st April 2008 or which in the future is supported capital expenditure, the Minimum Revenue Provision (MRP) policy is to set aside a provision equal to 4% of the previous year's Capital Financing Requirement.
- From 1st April 2008 (including 2012/13) for all unsupported borrowing, excluding finance leases, the MRP policy uses the Asset Life Method i.e. MRP will be an annual charge based on the estimated life of the assets. The provision is set aside in the year following the capital expenditure.

6. Leasing Charges

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.

During 2012/13 the Authority held both finance and operating leases under the definition of IAS 17 Leases. Leases are accounted for in accordance with IAS 17, operating leases are not capitalised and rentals are charged directly to the CIES in the year to which they relate. Finance leases are capitalised with transactions reflected on the Balance Sheet as fixed assets and deferred liabilities and through the CIES as interest payable and similar charges.

7. Non current assets held for sale

Non-current assets are reclassified as an Asset Held for Sale where it is probable that the carrying amount of the asset will be recovered through a sale transaction rather than through its continual use.

The asset is revalued and carried at the lower of this amount and fair value less costs to sell. Depreciation is not charged on Assets Held for Sale.

8. Capital Receipts

Capital receipts from the disposal of assets are treated in accordance with the provisions of the Local Government Act 2003.

9. Inventories

Workshop, Fuel and Stores inventories are maintained, and where material, are shown in the Balance Sheet. The workshop inventory is valued at the lower of cost or net realisable value. The stores' inventory is valued at the weighted average and the fuel is valued at cost. Other immaterial inventories, e.g. stationery, are fully charged to the CIES in the year of purchase.

The Authority does not currently provide for obsolescence or loss in value since amounts written off remain fairly constant and therefore equate to an annual provision.

10. Debtors and Creditors

The Accounts have been prepared on an accruals basis and provision for sums due to or owed by the Authority is included in the accounts where the cash has not actually been received or paid during the year. Income has only been included in the accounts when it can be realised with reasonable certainty. Proper allowance is made for known losses or liabilities where these are material and can be reasonably estimated otherwise these are disclosed by way of note as contingent liabilities.

Consistent with previous years there are certain payments where the accruals concept is not followed. In these cases the authority adopts a receipts and payments basis, reflecting the transactions in the accounts in the year they become due rather than apportioning them over the years to which they may relate.

11. Pensions

The disclosure requirements are included in the main financial statements as notes to the accounts in accordance with CIPFA recommended practice and IAS 19 – Employee Benefits.

Types of pension schemes

The Authority participates in two different pension schemes, which meet the needs of employees.

a) Firefighters

   This scheme is unfunded and the charge to the accounts represents the Authority's (as employer) contribution to the fund for the year.

b) Other Pensionable Employees

   Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme. The pension costs that are charged to the Authority's accounts in respect of these employees are equal to the contributions paid to the funded pension scheme for these employees.

In accordance with IAS 19 the authority recognises the cost of retirement benefits within the Net Cost of Services, when they are earned, rather than when benefits are actually paid as pensions. However the charge to be made to the Council Tax, via the precepts, is based on the amount payable in the year. The difference is reversed out in the General Fund.

12. Interest on Balances

During the year surplus money was invested and the interest earned credited to the Comprehensive Income and Expenditure Statement.

13. Government Grants and Contributions

Government grants and contributions are recognised in the CIES when conditions attached to the grant or contribution has been satisfied. Government Grants and contributions that have not been satisfied are carried in the Balance Sheet as creditors. Where capital grants are credited to the CIES they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant is yet to be used to finance capital it is held on the Capital Grant Unapplied reserve. When it has been used it is transferred to the Capital Adjustment Account.

14. Changes in Accounting Policies

The Authority has reviewed its accounting policies in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors which sets out the principles to be adopted and disclosures that are required within the Statement of Accounts. There are no changes required to the current accounting policies.

15. Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The amount of borrowings presented in the Balance Sheet is the outstanding principal repayable, and interest charged to the CIES is the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Financing and Investment Income and Expenditure in the CIES 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 CIES is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts are charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain/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 CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

16. Financial Assets

Financial assets are recognised when the Authority becomes party to a financial instrument contract and are de-recognised when the contractual rights have expired.

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable and interest credited to CIES is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the CIES.

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the CIES.

17. Collection Fund Adjustment Account

The Council Tax income included in the CIES will show the accrued income for the year. The difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is held in the Collection Fund Adjustment Account and included as a reconciling item in the 'Adjustments between accounting basis and funding basis under regulations' reconciliation.

The Authority's Balance Sheet shows the proportion of surplus/deficit of the Billing Authorities Collection Fund in the Debtors/Creditors balance. The Authority also shows the attributable share of the impairment allowance for doubtful debts.

18. Private Finance Initiative (PFI)

PFI transactions are treated in the Authority's accounts in accordance with latest recommended practice of Control of Assets (IFRIC12 – Service concession arrangements).

PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI scheme and the ownership of the fixed assets will pass to the Authority at the end of the contract for no additional charge, the Authority carries the fixed assets used under the contract on the Balance Sheet.

Fixed assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Authority.

The amounts payable to the PFI operators each year (known as Unitary Charges) are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the CIES
- Finance costs – an interest charge of an agreed % on the outstanding Balance Sheet liability, debited to Interest Payable and Similar Charges in the CIES
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to Interest Payable and Similar Charges in the CIES
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator
- Lifecycle replacement costs (regular planned refurbishments) – recognised as fixed assets on the Balance Sheet.

19. Employee Benefits – Accumulating Compensating Absences

A review of the cost of holiday entitlements (in the form of annual leave, lieu time and flexi-time) earned by employees but not taken before the year-end which employees can carry forward into the next year. If the value is of a significant amount an accrual is charged to the CIES.

20. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 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 Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Authority's cash management.

21. Reserves

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

The Authority holds the following Usable Reserves:

- **General Reserve** – a risk assessment of the pressures likely to face the Authority is undertaken, and the current balance on this reserve represents those identified high and medium risks, in proportion to the probability of their occurrence.
- **Earmarked Reserves Revenue Grants** – the balance held represents grants received which have no outstanding conditions but have not been fully utilised in the year; the grant is fully recognised in the CIES.
- **Capital Grants Unapplied** – the balance held represents grants received and fully recognised in the CIES but have not been applied to an acquisition.
- **Civil Contingency Reserve** – this reserve is made up of budgeted contributions and unspent balances from previous years. It is held as a contingency to cover unexpected occurrences.
- **Other Reserve** – the balance held represents invest to save and efficiency drive targets to fund initiatives as part of our Business Transformation Programme, other future projects or future uncertainties in funding. It is made up of budgeted contributions and planned efficiency savings from previous years.

The Authority holds the following Unusable Reserves:

- **Collection Fund Adjustment Account** – the balance held represents the accrued council tax income presented in the CIES.
- **Capital Adjustment Account** – the balance held represents 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.
- **Pension 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.
- **Revaluation Reserve** – contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment, and Intangible Assets.

22. Overheads and Support Services

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 for Local Authorities 2012/13 (SeRCOP). The total absorption costing principle is used – 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 – costs relating to the Authority's status as a single function democratic organisation.

- Non Distributed Costs – the costs of discretionary benefits awarded to employees retiring early.

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.

23. Heritage Assets

The Authority holds a number of heritage assets. The assets are held in secure locations, either Fire Stations or the local City Museum.

The assets are appropriately and sensitively preserved and insured 20% above the valuation. The Authority does not seek to acquire assets of this nature, and has no intention of disposing of the assets currently held.

The assets have been valued by an independent specialist based on current open market sale value.
Due to the value of the assets held they are not recognised in the balance sheet in accordance with the code.

24. Accounting Standards That Have Been Issued But Not Yet Adopted

The IAS19 Employee Benefits was revised on the 16 June 2011 and the revision, IAS19R, is applicable for reporting periods on or after 1 January 2013. The IAS19R has not been adopted in the 2012/13 statement of accounts.

The key revision states that the interest cost and expected return on assets elements of the Comprehensive Income & Expenditure Statement will now be combined into a ‘net interest’ figure.

For the Fire-fighter Pension Scheme, as this is an unfunded scheme, the expected return on assets element of the disclosure has always been zero. Therefore, there is no impact on the 2012/13 disclosure.

With regards to the LGPS the effects of the change on the income statement will be an increase of £197,000. This will be disclosed in the 2013/14 Statement of Accounts.

Movement in Reserves Statement

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. 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 (GF) Balance £'000	Earmarked GF Reserves £'000	**TOTAL USABLE RESERVES £'000**	**UNUSABLE RESERVES £'000**	**TOTAL AUTHORITY RESERVES £'000**
Balance as at 31 March 2012 c/f		1,906	6,999	**8,905**	(320,143)	**(311,238)**
Movement in reserves during 2012/13						
Surplus or (deficit) on provision of services		(11,980)		**(11,980)**	**0**	**(11,980)**
Other Comprehensive Income & Expenditure				**0**	**0**	**0**
Total Comprehensive Income & Expenditure		(11,980)	0	**(11,980)**	**0**	**(11,980)**
Adjustments between accounting basis & funding basis under regulations	1	13,847	(138)	**13,709**	(71,327)	**(57,618)**
Net Increase / Decrease before Transfers to Earmarked Reserves		1,867	(138)	**1,729**	(71,327)	**(69,598)**
Transfers to/from Earmarked Reserves		(1,867)	2,222	**355**	**0**	**355**
Increase / Decrease in year		(0)	2,084	**2,084**	(71,327)	**(69,243)**
Balance as at 31 March 2013 c/f		1,906	9,083	**10,989**	(391,470)	**(380,481)**

	General Fund (GF) Balance £'000	**Earmarked GF Reserves** £'000	**TOTAL USABLE RESERVES £'000**	UNUSABLE RESERVES £'000	**TOTAL AUTHORITY RESERVES £'000**
Balance as at 31 March 2011	1,906	6,047	**7,954**	(286,739)	**(278,786)**
Movement in reserves during 2011/12					
Surplus or (deficit) on provision of services	(19,462)		**(19,462)**	0	**(19,462)**
Other Comprehensive Income & Expenditure			**0**	0	**0**
Total Comprehensive Income & Expenditure	**(19,462)**	**0**	**(19,462)**	0	**(19,462)**
Adjustments between accounting basis & funding basis under regulations	20,178	(190)	**19,988**	(33,404)	**(13,416)**
Net Increase / Decrease before Transfers to Earmarked Reserves	**716**	**(190)**	**526**	(33,404)	**(32,878)**
Transfers to/from Earmarked Reserves	(716)	1,142	**426**	0	**426**
Increase / Decrease in year	(0)	952	**952**	(33,404)	**(32,452)**
Balance as at 31 March 2012 c/f	**1,906**	**6,999**	**8,905**	(320,143)	**(311,238)**

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing service in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

The Authority raises 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.

2011/12 Gross Expenditure £,000	2011/12 Gross Income £,000	2011/12 Net Expenditure £,000		2012/13 Gross Expenditure £,000	2012/13 Gross Income £,000	2012/13 Net Expenditure £,000	Note
10,296	(926)	9,370	Community Safety	11,147	(854)	10,293	
43,513	(2,107)	41,406	Fire Fighting & Rescue Operations	38,370	(2,567)	35,803	
537	(242)	295	Fire Service Emergency Planning	580	(600)	(20)	
8,383	0	8,383	Management & Support Services	8,280	0	8,280	
(8,383)	0	(8,383)	- Recharged to service areas	(8,280)	0	(8,280)	
301	0	301	Corporate and Democratic Core	278	0	278	
0	0	0	Past Service Costs	0	0	0	36
54,647	**(3,275)**	**51,372**	**Net Cost of Services**	**50,375**	**(4,021)**	**46,354**	
		163	Other Operating Expenditure			147	3
		18,552	Financing and Investment Income and Expenditure			17,643	4
		(50,624)	Taxation and Non-Specific Grant Income			(52,164)	5
		19,462	**(Surplus) / Deficit on Provision of Services**			**11,980**	
		0	Surplus or deficit on revaluation of non-current assets			31	
		12,990	Actuarial gains / losses on pensions assets/liabilities			57,232	36
		12,990	**Other Comprehensive Income and Expenditure**			**57,263**	
		0	Prior year adjustment			0	
		32,452	**Total Comprehensive Income and Expenditure**			**69,243**	

Balance Sheet

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 are 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 (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves is 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'.

2011/12			2012/13
£,000		Note	£,000
90,294	Property, Plant & Equipment	6	90,259
0	Investment Property		0
46	Intangible Assets	8	269
0	Assets held for sale (> 1year)		0
0	Long Term Investments		0
0	Long Term Debtors		0
90,340	**Long Term Assets**		**90,528**
0	Short Term investments		0
474	Inventories	11	541
3,031	Short Term Debtors	12	2,576
5,477	Cash & Cash Equivalents	13	5,352
394	Assets held for sales (<1yr)	14	0
9,376	**Current Assets**		**8,469**
(445)	Bank overdraft	13	(151)
0	Short Term Borrowing		0
(7,735)	Short Term Creditors	15	(7,242)
0	Provisions (<1yr)		0
(8,180)	**Current Liabilities**		**(7,393)**
0	Long Term Creditors		0
0	Provisions (>1yr)		0
(20,550)	Long Term Borrowings	10	(20,550)
(46,377)	Other Long Term Liabilities	30	(43,915)
(335,847)	Pension liability	36	(407,620)
(402,774)	**Long Term Liabilities**		**(472,085)**
(311,238)	**NET ASSETS**		**(380,481)**
8,905	Usable Reserves	16	10,989
(320,143)	Unusable Reserves	17	(391,470)
(311,238)	**TOTAL RESERVES**		**(380,481)**

Cash Flow Statement

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 the 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.

2011/12 £'000		2012/13 £'000	note
19,462	**Net Deficit on the provision of services**	**11,980**	
(23,867)	Adjust net deficit on the provision of services for non-cash movements	(18,961)	
0	Adjust for items in the net deficit on the provision of services that are investing or financing activities	0	
1,375	Operating Activities	1,436	18
(3,030)	**Net Cash flows from operating activities**	**(5,545)**	
25,074	Investing Activities	2,922	19
(22,571)	Financing Activities	2,329	20
(527)	***Net increase or decrease in cash and cash equivalents***	**(294)**	
(971)	Cash and Cash equivalents and the beginning of the reporting period	(444)	13
(444)	Cash and Cash equivalents and the end of the reporting period	(150)	13

Notes to the Core Financial Statements

1. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2012/13

	General Fund (GF) Balance £'000	Earmarked Other GF Reserves £'000	CCU Reserves £'000	Earmarked grant GF Reserves £'000	TOTAL USABLE RESERVES £'000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement (CIES):					
Charges for depreciation and revaluation of non-current assets	(4,267)				**(4,267)**
Revaluation losses on Property Plant and Equipment	0				**0**
Movements in the market value of Investment Properties	0				**0**
Amortisation of intangible assets	(35)				**(35)**
Capital grants & contributions applied	1,690			138	**1,828**
Movement in Donated Assets Account	0				**0**
Revenue expenditure funded from capital under statute	0				**0**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(147)				**(147)**
Insertion of items not debited or credited to the CIES:					
Statutory provision for the financing of capital investment	1,228				**1,228**
Capital expenditure charged against the General Fund	2,347				**2,347**
Adjustments primarily involving the Pension Reserve:					
Reversal of items relating to retirement benefits debited or credited to the CIES	(24,912)				**(24,912)**
Government firefighter grant	5,846				**5,846**
Employer's pensions contributions and direct payments to pensioners payable in the year	4,524				**4,524**
Adjustments primarily involving the Collection Fund Adjustment Account:					
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(121)				**(121)**
	(13,847)	**0**	**0**	**138**	**(13,709)**
Transfer to/from earmarked reserves	1,867	(2,202)	(20)		**(355)**
TOTAL ADJUSTMENTS	**(11,980)**	**(2,202)**	**(20)**	**138**	**(14,064)**

2011/12

	General Fund (GF) Balance £'000	Earmarked Other GF Reserves £'000	CCU Reserves £'000	Earmarked grant GF Reserves £'000	TOTAL USABLE RESERVES £'000
Adjustments primarily involving the Capital Adjustment Account:					
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement (CIES):					
Charges for depreciation and impairment of non-current assets	(9,334)				**(9,334)**
Revaluation losses on Property Plant and Equipment					**0**
Movements in the market value of Investment Properties	0				**0**
Amortisation of intangible assets	(63)				**(63)**
Capital grants & contributions applied	1,715			190	**1,905**
Movement in Donated Assets Account	0				**0**
Revenue expenditure funded from capital under statute					**0**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(163)				**(163)**
Insertion of items not debited or credited to the CIES:					
Statutory provision for the financing of capital investment	677				**677**
Capital expenditure charged against the General Fund and HRA balances	2,066				**2,066**
Adjustments primarily involving the Pension Reserve:					
Reversal of items relating to retirement benefits debited or credited to the CIES	(24,975)				**(24,975)**
	5,390				**5,390**
Employer's pensions contributions and direct payments to pensioners payable in the year	4,546				**4,546**
Adjustments primarily involving the Collection Fund Adjustment Account:					
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(37)				**(37)**
	(20,178)	**0**	**0**	**190**	**(19,988)**
Transfer to/form earmarked reserves	716	(1,437)	295		**(426)**
TOTAL ADJUSTMENTS	**(19,462)**	**(1,437)**	**295**	**190**	**(20,414)**

2. AUTHORISATION OF ACCOUNTS FOR ISSUE

These financial statements replace the unaudited financial statements certified by David Greensmith, Director of Finance, Assets & Resources on 26th June 2013. Events after the balance sheet date have been considered up to the 10th September 2013, in preparing the accounts.

In line with statutory requirements the accounts and supporting documentation were made available for public inspection for a period of 20 working days from 10th June to 5th July.

3. OTHER OPERATING EXPENDITURE

2011/12 £,000		2012/13 £,000
163	Loss/(Gain) on disposal of fixed assets	147
0	(Surpluses)/deficits on trading undertakings not included in Net Cost of Service	0
163		**147**

4. FINANCING AND INVESTING INCOME AND EXPENDITURE

2011/12 £,000		2012/13 £,000
888	Interest payable on debt	875
64	Interest payable on finance leases	51
1,650	Interest payable on PFI Unitary payments	1,980
(1,198)	Grant for interest on PFI payments	(1,439)
18,596	Pension Interest Costs	17,453
(1,419)	Expected Return on pension assets	(1,246)
(29)	Investment Interest Income	(31)
18,552		**17,643**

5. TAXATION AND NON-SPECIFIC GRANT INCOME

2011/12 £,000		2012/13 £,000
(1,715)	Recognised capital grants and contributions	(1,689)
(24,372)	Council Tax	(24,391)
(14,162)	Non-domestic rates redistribution	(18,529)
(4,378)	Revenue Support Grant	(371)
(607)	Compensatory Funding	(1,338)
(5,390)	Gain on pension grant	(5,846)
(50,624)		**(52,164)**

6. PROPERTY, PLANT AND EQUIPMENT

Movements in 2012/13

	Land & Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	**Total Property, Plant and Equipment**	PFI assets included in PP&E
	£000	**£000**	**£000**	**£000**	**£000**
Value at 1 April 2012	78,627	24,630	123	103,380	41,915
- Additions	1,258	2,144	951	4,353	0
- Donated Assets	0	0	0	0	0
- Disposals	(92)	(261)	0	(353)	0
- Revaluations	(376)	0	0	(376)	0
- Impairment	0	0	0	0	0
- Reclassification of assets to assets held for sale	0	0	0	0	0
- Transfers	54	0	(54)	0	0
Gross Book Value at 31 March 2013	**79,471**	**26,513**	**1,020**	**107,004**	**41,915**
Depreciation:					
- Cumulative net to 31 March 2012	(2,387)	(10,699)	0	(13,086)	0
- On revaluations	66	0	0	66	0
- For the Year	(1,742)	(2,246)	0	(3,988)	(1,165)
- Reclassification of assets to assets held for sale	0	0	0	0	0
- On assets sold	7	256	0	263	0
Depreciation at 31 March 2013	**(4,056)**	**(12,689)**	**0**	**(16,745)**	**(1,165)**
Net Book Value at 31 March 2013	**75,415**	**13,824**	**1,020**	**90,259**	**40,750**

Movements in 2011/12

	Land & Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	**Total Property, Plant and Equipment**	PFI assets included in PP&E
	£000	**£000**	**£000**	**£000**	**£000**
Value at 1 April 2011	**58,932**	**23,136**	**2,528**	**84,596**	**23,729**
- Additions	24,347	2,324	112	26,783	23,503
- Donated Assets	0	0	0	0	0
- Disposals	(65)	(1,293)	0	(1,358)	0
- Revaluations	21	0	0	21	0
- Impairment	(5,420)	0	(5)	(5,425)	(5,317)
- Reclassification of assets to assets held for sale	(1,236)	0	0	(1,236)	0
- Transfers	2,048	463	(2,511)	(0)	0
Gross Book Value at 31 March 2012	**78,627**	**24,630**	**123**	**103,380**	**41,915**
Depreciation:					
- Cumulative net to 31 March 2011	(1,303)	(9,884)	0	(11,187)	0
- On revaluations	2	0	0	2	0
- For the Year	(1,167)	(2,005)	0	(3,172)	0
- Reclassification of assets to assets held for sale	76	0	0	76	0
- On assets sold	5	1,190	0	1,195	0
Depreciation at 31 March 2012	**(2,387)**	**(10,699)**	0	**(13,086)**	**0**
Net Book Value at 31 March 2012	**76,240**	**13,931**	**123**	**90,294**	**41,915**

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Buildings – 60 years
- Components of buildings – 10-25 years
- Appliances and appliance equipment – 10-15 years
- Vehicles – 5 years
- Furniture, plant and equipment – 10-20 years

Capital Commitments

At 31 March 2013 there is contractually committed capital expenditure of £227,000 to be incurred in 2013/14. £223,000 of this relates to building works the remaining £4,000 relates to the purchase of ICT equipment.

Valuation of non-current assets

The Authority had engaged Staffordshire County Council's Property Services to value all of its land and buildings for 31 March 2009. The valuations had been carried out in accordance with the Royal Institute of Chartered Surveyors' current Appraisal and Valuation Standards manual. The sources and assumptions made when producing the valuations are set out in the valuation certificates and reports. The Authority applies a principle of a rolling 5 year programme of revaluation.

During the prior two years 10 PFI stations and 2 refurbished stations have been revalued. At the year end one refurbished station, Barton-under-Needwood, also required a revaluation. The Authority has engaged Cameron Butler BLE (Hons) MRICS, of FHP Property Consultants.

The revaluation has resulted in an impairment of £278,000.

7. DETAILS OF ASSETS OWNED BY THE FIRE AUTHORITY

During the year, three vehicles were disposed of and six were acquired. These included four Appliances and two senior management team cars.

2011/12		2012/13
1	Fire Headquarters	1
33	Fire Stations	33
1	Workshops	1
188	Vehicles	191
1	Asset Held for Sale - Fire Station	0

8. INTANGIBLE ASSETS

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licences and general software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority.

The useful lives assigned to the software are:

2011/12 £,000		2012/13 £,000
5	3 years	260
16	5 years	0
25	10 years	9
46		**269**

The carrying amount of intangible assets is amortised on a straight-line basis. The movements during the year are as follows:

2011/12 £,000		2012/13 £,000
421	Gross Book Value at 1 April	428
7	- Additions	258
0	- Disposals	0
(319)	- Cumulative amortisation to 31 March	(382)
0	- Amortisation on disposals	0
(63)	- Amortisation for the year	(35)
46	Net Book Value at 31 March	**269**

9. HERITAGE ASSETS

The Authority currently owns two heritage vehicles and a collection of memorabilia which is held around the County. The Authority displays two further heritage vehicles for Eccleshall Parish Council, displayed at Eccleshall Fire Station, and The Burton Heritage Society, displayed at Burton Fire Station.

Of the two heritage assets owned, one is a Leyland Ajax pump escape 1939, one of the last open topped Leyland machines to leave the production line, and the second is a Merryweather horse drawn steam pump fire engine c1894, currently being displayed at The Potteries Museum and Art Gallery, Stoke-on-Trent. The value of the vehicles has been determined as £15,000 and £30,000 respectively.

The assets have been independently valued by an external specialist, John Holland FRICS FAAV of Thimbleby & Shorland, Reading. The values were based on current open market sale value as at 31 March 2012.

The Authority does not seek to acquire assets of this nature, and has no intention of disposing of the assets currently held.

Due to the value of the heritage assets held they have not been recognised in the Balance Sheet in accordance with the Code.

10. FINANCIAL INSTRUMENTS

Income, Expense, Gains and Losses

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

	Financial Liabilities	**Financial Assets**		
	measured at amortised cost	Loans and receivables	Available-for-sale assets	**TOTAL**
	£000	**£000**	**£000**	**£000**
Interest expense	(1,467)	0	0	(1,467)
Losses on derecognition	0	0	0	0
Impairment losses	0	0	0	0
Total Expense in Deficit on the Provision of Services	**(1,467)**	**0**	**0**	**(1,467)**
Interest income	0	31	0	31
Gains on derecognition	0	0	0	0
Total Income in Deficit on the Provision of Services	**0**	**31**	**0**	**31**
Gains/Losses on revaluation	0	0	0	0
Net Gain/ (loss) for the year	**(1,467)**	**31**	**0**	**(1,436)**

Categories of financial instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long Term		Current	
	31-Mar-12 £'000	31-Mar-13 £'000	31-Mar-12 £'000	31-Mar-13 £'000
Investments				
Loans and receivables	0	0	5,476	5,351
Available-for-sale financial assets	0	0	0	0
Unquoted equity investment at cost	0	0	0	0
Financial assets at fair value through profit & loss	0	0	0	0
Total investments	**0**	**0**	**5,476**	**5,351**
Debtors				
Loans and receivables	0	0	1,973	1,674
Financial assets carried at contract amounts			0	0
Total Debtors	**0**	**0**	**1,973**	**1,674**
Borrowings				
Financial liabilities at amortised costs	20,550	20,550	445	151
Financial liabilities at fair value through profit and loss	0	0	0	0
Total Borrowings	**20,550**	**20,550**	**445**	**151**
Other Long Term Liabilities				
PFI liabilities	44,580	42,558		
Finance lease liabilities	1,197	873		
Total Other Long Term Liabilities	**45,777**	**43,431**		
Creditors				
Financial liabilities at amortised costs	0	0	4,673	4,202
Financial liabilities at contract amount	0	0	0	0
Total Creditors	**0**	**0**	**4,673**	**4,202**

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivable and long-term debtors and creditors 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.

Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

For financial assets the fair value is determined by calculating the Net Present Value of future cashflows, which provides an estimate of the value of payments in the future in today's terms. The discount rate used in the calculation is equal to the current rate in relation to the same instrument from a comparable lender. The Authority's investments are all at fixed rates and have therefore been calculated using the comparable fixed deposit rates as at 31 March 2013.

The fair value of the liabilities is lower than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the balance sheet date (new loan rates).

The summary portfolio position of financial assets and financial liabilities as at 31 March 2013 is as follows:

	Nominal/ Principal		Fair Value	
	31-Mar-12	31-Mar-13	31-Mar-12	31-Mar-13
	£'000	£'000	£'000	£'000
Financial Assets				
Cash	2,000	1,000	2,000	1,001
Fixed Term Deposits	3,476	2,476	3,476	2,475
Money Market Funds	0	1,875		1,876
Debtors	2,623	2,576	2,623	2,576
Total	**8,099**	**7,927**	**8,099**	**7,928**
Financial Liabilities				
Market Loans - LOBO	1,000	1,000	931	791
PWLB Maturity Loans	19,550	19,550	20,167	18,579
Creditors	5,060	4,967	5,060	4,967
Bank Overdraft	445	151	445	151
Total	**26,055**	**25,668**	**26,603**	**24,488**

Nature and extent of risks arising from financial instruments

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 the 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

The risks in relation to the Fire Authority are detailed below:

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority’s customers.

The authority does not generally allow credit for customers, such that £129,000 of the £2,576,000 debtors’ balance is past its due date for payment.

The past due amount can be analysed by age as follows:

	£000
Aged as follows:	
Less than three months	129
Three to six months	0
Six months to one year	0
More than one year	0
	129

Liquidity risk

As the authority has ready access to borrowings, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All trade and other payables are due to be paid in less than one year.

Market risk

The authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. However all its long term borrowing is on fixed rate contracts.

During 2012/13, if interest rates had been 1% higher with all other variables held constant, the impact on the CIES would be an increase in interest of c.£97,000.

11. INVENTORIES

The value of inventories included in the balance sheet for 2012/13 is £541,000 (£474,000 in 2012/13), as follows:

2011/12		2012/13
£,000		**£,000**
296	Stores	414
59	Workshop	65
119	Fuel	62
474		**541**

12. AMOUNTS OWED TO THE AUTHORITY BY DEBTORS

2011/12		2012/13
£,000		**£,000**
594	General Debtors	545
523	Payments in Advance	438
857	FF Government Top-up Grant	690
1,057	Council Tax Billing Authority	903
3,031		**2,576**

The general debtors figure is net of a provision for bad and doubtful debts of £3,540 (£3,700 in 2011/12). This provision ensures that sufficient resources are available should unpaid debtor accounts be deemed unrecoverable. The adequacy of this provision is reviewed annually and has been reduced slightly in 2012/13. The general debtors figure also includes VAT at £358,000 and the Cycle Scheme at £21,000.

In addition the Authority also accounts for a proportionate share of the risks that the council tax collected by the billing authorities have incurred, being £903,000 (£1,057,000 in 2011/12). This includes a provision for doubtful debts of £823,000 (£1,016,000 in 2011/12) based on the policies of the billing authorities.

The Debtors can be further analysed as follows:

2011/12		2012/13
£,000		**£,000**
1,301	Central government bodies	1,088
1,057	Other local authorities	903
673	Other entities and individuals	585
3,031		**2,576**

13. CASH AND CASH EQUIVALENTS

The Cash and Cash Equivalents include temporary investments of £5,351,000 (£5,476,000 2011/12) as disclosed in note 10.

The cash in hand represents petty cash of £1,000 (£1,000 in 2011/12) which is held at various locations.

The cash book balance of £151,000 overdrawn (£445,000 overdrawn in 2011/12) takes account of cheques yet to be presented to the Authority's bank for payment at 31 March 2013 and is held in Current Liabilities.

14. ASSETS HELD FOR SALE

The asset held for sale on 1st April 2012 was disposed of mid-year and resulted in a loss on disposal of £56,000 which was charged to the Comprehensive Income and Expenditure Account.

15. AMOUNTS OWED BY THE AUTHORITY TO CREDITORS

2011/12 £,000		2012/13 £,000
3,449	General Creditors	2,782
1,223	Accruals	1,421
796	Council Tax Billing Authority	764
0	FF Government Top-up Grant	0
1,942	PFI liability	1,936
325	Finance Lease liability	339
7,735		**7,242**

The general creditors figure includes the supplier creditor accounts at £338,000 (£969,000 2011/12), Payroll HMRC at £578,000 (£560,000 2011/12) and grants receipts in advance for the Fire Control project held at £1,708,000 (£1,800,000 2011/12), in addition to retentions held.

The Fire Fighter Government Top-up Grant is underfunded at year end and is presented with the Authority's debtors. This will be provided for in the 2013/14 grant provision.

The Authority also accounts for a proportionate share of the rewards that the council tax collected by the billing authorities have incurred, being £764,000 (£796,000 2011/12).

The creditors can be further analysed as follows:

2011/12 £,000		2012/13 £,000
4,302	Central government bodies	4,222
796	Other local authorities	764
2,637	Other entities and individuals	2,256
7,735		**7,242**

16. USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the Movement in Reserve Statement.

31-Mar-12 £,000		31-Mar-13 £,000
1,906	General Fund (1)	1,906
598	Earmarked reserves - grants	460
0	Capital grants unapplied	0
20	CCU Reserve	40
6,381	Other Reserves (2)	8,583
8,905		**10,989**

(1) General Reserves - held to protect against any spate or emergency conditions which may arise. The level held is based on a risk assessment.
(2) Other Reserves – held to fund transformation initiatives, invest to save and is utilised against non-recurring revenue spend. It is generated from budgeted contributions and planned efficiency savings from previous years.

17. UNUSABLE RESERVES

31-Mar-12 £,000		31-Mar-13 £,000
4,060	Revaluation Reserve	3,945
11,383	Capital Adjustment Account	12,066
(335,847)	Pensions Reserve	(407,620)
261	Collection Fund Adjustment Account	139
(320,143)		**(391,470)**

Revaluation Reserve

The Revaluation Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated in the balance on the Capital Adjustment Account.

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment, and Intangible Assets. 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.

The balance on the Revaluation Reserve is accounted for on an individual asset basis.

31-Mar-12			**31-Mar-13**
£,000		**£,000**	**£,000**
4,263	Balance as at 1 April		4,060
20	Upward revaluation of assets	0	
(149)	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the Provision of Services	(42)	
(129)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(42)
(74)	Different between fair value depreciation and historical cost depreciation	(73)	
0	Accumulated gains on assets sold or scrapped	0	
(74)	Amount written off to the Capital Adjustment Account		(73)
4,060	**Balance as at 31 March**		**3,945**

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 costs of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement.

The account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

As the Authority did not inherit debt from the County Council the depreciation charged to the Income and Expenditure Account is greater than the revenue provision for repayment of debt. This results in a large debit balance on the Capital Adjustment Account.

31-Mar-12 £,000			£,000	31-Mar-13 £,000
16,522		Balance as at 1 April		11,383
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(9,336)	-	Charges for depreciation and impairments of non-current assets	(4,297)	
(63)	-	Amortisation of intangible assets	(35)	
2,066	-	Lease payments	2,347	
(163)	-	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	(147)	
(7,496)				(2,132)
203		Adjusting amounts written out of the Revaluation Reserve		115
9,229		**Net written out amount of the cost of non-current assets consumed in the year**		**9,366**
		Capital financing applied in the year:		
1,477	-	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	1,472	
677	-	Statutory provision for the financing of capital investment charged against the General Fund	1,228	2,700
11,383		**Balance at 31 March**		**12,066**

Collection Fund Adjustment Account

From the 1st April 2009 the council tax income in the Comprehensive Income & Expenditure Statement includes accrued income. The movement between the actual council tax received and the Council Tax for 2012/13 is held in the Collection Fund Adjustment Account (CFAA).
The following table presents the movements in the CFAA:

31-Mar-12 £,000		31-Mar-13 £,000
297	Balance as at 1 April	261
(36)	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	(122)
261		**139**

18. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2011/12 £,000		2012/13 £,000
(29)	Interest Received	(31)
888	Interest Paid	875
1,650	Finance Lease interest paid	1,980
(1,198)	grant received PFI interest	(1,439)
64	Dividends Received	51
1,375	**Cash outflows from Operating Activities**	**1,436**

19. CASH FLOW STATEMENT – INVESTING ACTIVITIES

The cash flows for investing activities include the following items:

2011/12 £,000		2012/13 £,000
26,789	Purchase of property, plant and equipment and intangible assets	4,611
0	Purchase of short-term and long-term investments	0
(1,715)	Other receipts from investing activities	(1,689)
25,074	**Cash outflows from Investing Activities**	**2,922**

20. CASH FLOW STATEMENT – FINANCING ACTIVITIES

The cash flows for financing activities include the following items:

2011/12 £,000		2012/13 £,000
200	Cash receipts of short and long-term borrowing	0
(24,123)	Other receipts from financing activities	107
312	Cash Payments for the reduction of the outstanding liabilities relating to finance leases	324
1,755	Cash Payments for the reduction of the outstanding liabilities relating to PFI contracts	2,022
(715)	Repayment of short and long-term borrowing	(124)
(22,571)	**Cash outflows from Financing Activities**	**2,329**

21. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

During 2012/13 the Authority presented the financial position on a monthly basis to the Service Management Board and the Strategy and Resources Committee on a two monthly basis. The management reports were analysed at Directorate level and all budget holders within each directorate were provided with monthly reports and had access to the live system to enable ad-hoc reporting and monitoring.

The Authority's budget is split into a 'recurring budget' and a 'non recurring budget'. The distinction being that the non-recurring are externally funded projects or those funded by reserves. Therefore, the non-recurring budget would usually be cost neutral.

The Authority financial report for 31 March 2013 is as follows:

SUMMARY REVENUE (All Directorates) 2012/13

	Annual Budget			YTD Actual			YTD Variance		
	Recurring	Non-Recurring	Total Budget	Recurring	Non-Recurring	Total Budget	Recurring	Non-Recurring	Total Budget
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Pay									
Pay Costs	29,823	904	30,727	29,018	1,208	30,226	805	(304)	501
Other Employee Costs	1,929	14	1,943	1,808	28	1,836	121	(14)	107
Efficiency Savings	(800)	0	(800)	0	0	0	(800)	0	(800)
	30,952	**918**	**31,870**	**30,826**	**1,236**	**32,062**	**126**	**(318)**	**(192)**
Non Pay									
Premises Costs	2,344	11	2,355	2,486	160	2,646	(142)	(149)	(291)
Transport Costs	1,273	3	1,276	1,147	9	1,156	126	(6)	120
Supplies & Services Costs	4,450	145	4,595	3,534	461	3,995	916	(316)	600
Unitary Charge	311	30	341	207	0	207	104	30	134
Other Running Costs	1,451	0	1,451	1,451	0	1,451	0	0	0
Efficiency Savings	(500)	0	(500)	0	0	0	(500)	0	(500)
	9,329	**189**	**9,518**	**8,825**	**630**	**9,455**	**504**	**(441)**	**63**
Income									
Income - general	(1,720)	(203)	(1,923)	(2,057)	(577)	(2,634)	337	374	711
Interest received	(17)	0	(17)	(31)	0	(31)	14	0	14
	(1,737)	**(203)**	**(1,940)**	**(2,088)**	**(577)**	**(2,665)**	**351**	**374**	**725**
Capital Charges	2,606	0	2,606	2,539	0	2,539	67	0	67
Total before Use of Reserves	**41,150**	**904**	**42,054**	**40,102**	**1,289**	**41,391**	**1,048**	**(385)**	**663**
Less Use of Reserves	2,261	(904)	1,357	2,426	(981)	1,445	(165)	77	(88)
Total Revenue Budget	**43,411**	**0**	**43,411**	**42,528**	**308**	**42,836**	**883**	**(308)**	**575**
Government Grant	18,899	0	18,899						
Council Tax	24,512	0	24,512						
Total Financing	**43,411**	**0**	**43,411**						

The following reports analyse the information by the five Directorates:

	Response	People	Prevent & Protect	Organisational Development	Assets and Resources	**TOTAL AUTHORITY**
	£000	£000	£000	£000	£000	£000
Pay						
Pay Costs	24,705	773	1,541	621	2,587	30,227
Other Employee Costs	465	1,163	3	0	205	1,836
Efficiency Savings	0	0	0	0	0	0
	25,170	**1,936**	**1,544**	**621**	**2,792**	**32,063**
Non pay						
Premises	1,926	3	0	0	717	2,646
Transport Costs	1,090	13	11	6	37	1,157
Supplies & Services Costs	1,025	272	346	45	2,306	3,994
Unitary Charge	1,451	88	0	0	119	1,658
Other Running Costs	0	0	0	0	0	0
Efficiency Savings	0	0	0	0	0	0
	5,492	**376**	**357**	**51**	**3,179**	**9,455**
Income						
Income - general	(595)	(149)	(253)	0	(1,637)	(2,634)
Interest Receivable	0	0	0	0	(31)	(31)
	(595)	**(149)**	**(253)**	**0**	**(1,668)**	**(2,665)**
Capital Charges	0	0	0	0	2,539	2,539
Total before use of reserves	**30,067**	**2,163**	**1,648**	**672**	**6,842**	**41,392**
Less Use of Reserves	0	(5)	(312)	1,320	441	1,444
Total Revenue Budget	**30,067**	**2,158**	**1,336**	**1,992**	**7,283**	**42,836**

Reconciliation of Net Cost of Services in Comprehensive Income and Expenditure Statement

	£000
Management Accounts Revenue position presented	42,836
Add services not included in the main analysis	0
Add amounts not reported to management	0
Remove items reported to management but included in Other Operating Expenditure or Financing and Investment Income and Expenditure	3,518
Net Cost of Services in Comprehensive Income & Expenditure Statement	**46,354**

Reconciliation to subjective analysis

	Management Accounts	Items excluded from Net Cost of Service	**NET Cost of Services**
	£000	£000	£000
Pay	32,063	4,181	36,244
Premises	2,646		2,646
Transport Costs	1,157		1,157
Supplies & Services Costs	3,994		3,994
Other Running Costs	0		0
Unitary Charge	1,658		1,658
Income	(2,665)		(2,665)
Capital Charges	2,539	(709)	1,830
Use of Reserves	1,444	46	1,490
	42,836	3,518	46,354

The Authority financial report for 31 March 2012 is as follows:

SUMMARY REVENUE (All Directorates) 2011/12

	Annual Budget			YTD Actual			YTD Variance		
	Recurring	Non-Recurring	Total Budget	Recurring	Non-Recurring	Total Budget	Recurring	Non-Recurring	Total Budget
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Pay									
Pay Costs	30,142	1,278	31,420	29,341	1,390	30,731	801	(112)	689
Other Employee Costs	1,846	0	1,846	1,748	22	1,770	98	(22)	76
Efficiency Savings	(500)	0	(500)	0	0	0	(500)	0	(500)
	31,488	**1,278**	**32,766**	**31,089**	**1,412**	**32,501**	**399**	**(134)**	**265**
Non Pay									
Premises Costs	2,316	24	2,340	2,283	6	2,289	33	18	51
Transport Costs	1,284	13	1,297	1,353	19	1,372	(69)	(6)	(75)
Supplies & Services Costs	4,366	82	4,448	3,483	615	4,098	883	(533)	350
Unitary Charge	1,221	164	1,385	1,221	0	1,221	0	164	164
Other Running Costs	485	0	485	303	29	332	182	(29)	153
Efficiency Savings	(500)	0	(500)	0	0	0	(500)	0	(500)
	9,172	**283**	**9,455**	**8,643**	**669**	**9,312**	**529**	**(386)**	**143**
Income									
Income - general	(1,117)	(247)	(1,364)	(1,223)	(866)	(2,089)	106	619	725
Interest received	(25)	0	(25)	(29)	0	(29)	4	0	4
	(1,142)	**(247)**	**(1,389)**	**(1,252)**	**(866)**	**(2,118)**	**110**	**619**	**729**
Capital Charges	2,831	0	2,831	1,969	0	1,969	862	0	862
Total before Use of Reserves	**42,349**	**1,314**	**43,663**	**40,449**	**1,215**	**41,664**	**1,900**	**99**	**1,999**
Less Use of Reserves	600	(1,314)	(714)	600	(965)	(365)	0	(349)	(349)
Total Revenue Budget	**42,949**	**0**	**42,949**	**41,049**	**250**	**41,299**	**1,900**	**(250)**	**1,650**
Government Grant	18,540	0	18,540						
Council Tax	24,409	0	24,409						
Total Financing	**42,949**	**0**	**42,949**						

The following reports analyse the information by the five Directorates:

	Response	People	Prevent & Protect	Organisational Development	Assets and Resources	**TOTAL AUTHORITY**
	£000	£000	£000	£000	£000	£000
Pay						
Pay Costs	25,638	694	1,378	518	2,502	30,730
Other Employee Costs	550	1,007	1	11	202	1,771
Efficiency Savings	0	0	0	0	0	0
	26,188	**1,701**	**1,379**	**529**	**2,704**	**32,501**
Non pay						
Premises	1,446	14	0	0	829	2,289
Transport Costs	1,304	10	18	4	35	1,371
Supplies & Services Costs	1,035	234	261	81	2,488	4,099
Unitary Charge	1,221	0	0	0	0	1,221
Other Running Costs	169	92	34	0	37	332
Efficiency Savings	0	0	0	0	0	0
	5,175	**350**	**313**	**85**	**3,389**	**9,312**
Income						
Income - general	(435)	(224)	(233)	(28)	(1,169)	(2,089)
Interest Receivable	0	0	0	0	(29)	(29)
	(435)	**(224)**	**(233)**	**(28)**	**(1,198)**	**(2,118)**
Capital Charges	0	0	0	0	1,969	1,969
Total before use of reserves	**30,928**	**1,827**	**1,459**	**586**	**6,864**	**41,664**
Less Use of Reserves	(22)	(14)	(328)	(95)	94	(365)
Total Revenue Budget	**30,906**	**1,813**	**1,131**	**491**	**6,958**	**41,299**

Reconciliation of Net Cost of Services in Comprehensive Income and Expenditure Statement

	£000
Management Accounts Revenue position presented	41,299
Add services not included in the main analysis	0
Add amounts not reported to management	0
Remove items reported to management but included in Other Operating Expenditure or Financing and Investment Income and Expenditure	10,073
Net Cost of Services in Comprehensive Income & Expenditure Statement	**51,372**

Reconciliation to subjective analysis

	Management Accounts	Items excluded from Net Cost of Service	**NET Cost of Services**
	£000	£000	£000
Pay	32,501	3,252	35,753
Premises	2,289		2,289
Transport Costs	1,371		1,371
Supplies & Services Costs	4,099		4,099
Other Running Costs	332		332
Unitary Charge	1,221		1,221
Income	(2,118)		(2,118)
Capital Charges	1,969	5,280	7,249
Use of Reserves	(365)	1,541	1,176
	41,299	10,073	51,372

22. AGENCY INCOME AND EXPENDITURE

The Authority acts as an agent for other Fire Authorities under Sections 13 and 16 of the Fire Services Act 1947. Where assistance provided is greater than that received charges are made. For 2012/13 income and expenditure totalled:

2011/12 £,000		2012/13 £,000
60	Payments to West Midlands	47
(16)	Income from Derbyshire	(17)
(3)	Income from Cheshire	(4)
41		**26**

Staffordshire Fire and Rescue Service administer the Staffordshire Civil Contingencies Unit (CCU) on behalf of the local authorities within the county.

The CCU funds are included in the Authority's Comprehensive Income and Expenditure Statement and the Balance Sheet. The expenditure for 2012/13 amounted to £580,000 (£537,000 in 2011/12) and income totalled £600,000 (£543,000 in 2011/12) leaving a net surplus position of £20,000 (£6,000 net surplus in 2011/12).

The accumulated reserves balance at 31st March is £40,000 (£20,000 in 2011/12) which is held in the Authority's short term investments.

23. MEMBERS ALLOWANCES

The Authority has paid the following amounts to members during the year.

2011/12 £,000		2012/13 £,000
0	Salaries	0
137	Allowances	139
1	Expenses	1
138		**140**

24. OFFICERS' REMUNERATION

The following table sets out the remuneration for Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 per year:

For the Year of 2012/13	**Salary** (Including fees & allowances	**Benefits in Kind** (e.g. Car Allowance)	**Total Remuneration** excluding pension contributions	**Pensions Contributions**	**Total Remuneration** including pension contributions
	£	£	£	£	£
Chief Fire Officer	144,873	0	144,873	30,858	175,731
Deputy Chief Fire Officer	115,898	0	115,898	24,686	140,584
Director of Response	75,563	0	75,563	16,095	91,658
Director of Prevent & Protect	75,563	0	75,563	16,095	91,658
Director of Organisational Development	74,821	0	74,821	15,937	90,758
Director of People	70,525	0	70,525	11,848	82,373
Director of Finance, Assets & Resources	70,525	0	70,525	11,848	82,373
Total Senior Officers between £50,000 and £150,000	**627,768**	**0**	**627,768**	**127,367**	**755,135**

For the Year of 2011/12	Salary (Including fees & allowances	Benefits in Kind (e.g. Car Allowance)	Total Remuneration excluding pension contributions	Pensions Contributions	Total Remuneration including pension contributions	Note
	£	£	£	£	£	
Chief Fire Officer	144,873	0	144,873	30,858	175,731	
Deputy Chief Fire Officer	115,898	0	115,898	24,686	140,584	
Director of Response	72,593	0	72,593	15,462	88,056	1
Director of Prevent & Protect	72,430	0	72,430	15,428	87,858	2
Director of People	68,750	0	68,750	11,206	79,956	3
Director of Finance, Assets & Resources	68,250	0	68,250	11,125	79,375	4
Director of Organisational Development	60,019	0	60,019	12,240	72,259	5
Ast Chief Exec Director of Assets & Resources	27,163	0	27,163	4,428	31,591	6
Total Senior Officers between £50,000 and £150,000	**629,976**	**0**	**629,976**	**125,433**	**755,410**	

Note 1: Made director from 1/7/11, the annualised salary is £75,000
Note 2: Made director from 1/7/11, the annualised salary is £75,000
Note 3: Made director from 1/7/11, the annualised salary is £70,000
Note 4: Made director from 1/7/11, the annualised salary is £70,000
Note 5: Made director from 19/9/11, the annualised salary is £59,000
Note 6: Director left employment on 30/06/11 with an exit package of £108,654 which includes £2,089 for accrued holiday pay

There are no Senior Officers whose salary is £150,000 or more per year.

The numbers of employees whose remuneration, excluding employer's pension contribution, was £50,000 or more in bands of £5,000, were as follows. These include both Senior Officers and Other Officers.

Remuneration Band	2011/12 No of employees	2012/13 No of Employees
£50,000 - £54,999	6	5
£55,000 - £59,999	14	11
£60,000 - £64,999	2	3
£65,000 - £69,999	2	-
£70,000 - £74,999	2	3
£75,000 - £79,999	-	2
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	1	-
£110,000 - £114,999	-	-
£115,000 - £119,999	1	1
£120,000 - £124,999	-	-
£125,000 - £129,999	-	-
£130,000 - £134,999	-	-
£135,000 - £139,999	-	-
£140,000 - £144,999	1	1
£145,000 - £149,999	-	-
	29	**26**

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2011/12	**2012/13**	2011/12	**2012/13**	2011/12	**2012/13**	2011/12	**2012/13**
£0 - £20,000			1	3	1	3	£9,839	£32,904
£20,001 - £40,000				3	-	3		£95,155
£40,001 - £60,000					-	-		
£60,001 - £80,000	1				1	-	£74,286	
£80,001 - £100,000					-	-		
£100,001 - £150,000			1		1	-	£106,565	
Total	1	0	2	6	3	6	£190,690	£128,059

25. POST BALANCE SHEET EVENT

Eleven new community fire stations for Staffordshire got the official go-ahead on 11 July 2013 with financial closure taking place in London, attended by representatives of Staffordshire Fire and Rescue Service and the consortium delivering the scheme Blue3.

Funding of £45 million has been made available from the Government's Private Finance Initiative (PFI) scheme. The project is the second phase of an innovative programme to provide state-of-the-art fire stations across Staffordshire which are also community-focused with facilities to benefit local people. This phase will see a further 10 fire stations rebuilt on their current sites plus a brand new station at Loggerheads to replace a 45-year-old station at Ashley.

The phase two contractor Blue3 consortium is formed through a partnership between Kier and Calderpeel. The consortium is responsible for the design, construction and ongoing maintenance of the buildings. The new fire stations that is purpose-designed for the Services role in the 21st century being a proactive fire prevention service which is also at the heart of the community, providing modern facilities for local people, local groups and other local services to use and enjoy.

Chase Terrace, built in the late 60s, is the first station to be rebuilt in phase two, with work commencing in July 2013 and scheduled for completion in late summer 2014. Stations at Longton, Kinver, Rugeley and Stone will follow in 2013, while Codsall, Loggerheads, Penkridge, Leek, Burton-on-Trent and Lichfield all come on stream in 2014. The last station – Lichfield – should be completed by late spring 2016.

26. EXTERNAL AUDIT COSTS

In 2012/13 the Authority incurred the following external audit and inspection fees:

2011/12 £,000		**2012/13 £,000**
63	Fees payable to the Audit Commission for external audit services carried out by the appointed auditor:	41
0	Inspection Fees	0
63	Total before Grant	41
0	DCLG Grant	0
63	Total Audit and Inspection Fee net of grant	**41**

27. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2012/13.

2011/12 £,000		2012/13 £,000
76	CLG - enhanced Logistic Support Project	76
1,477	CLG - General Capital Grant	1,472
115	CLG - New Dimensions	119
47	various partnership income	0
0	CLG - Council Tax reform	22
1,715		**1,689**

The Authority received a grant for the Fire Control Project and has utilised £92,000 in 2012/13. The balance is held in Receipts in Advance at year end and income will be recognised in the year it is utilised.

2011/12 £,000		2012/13 £,000
422	Balance at 1 April	1,800
1,800	- Fire Control	0
	Grant released in year	
(422)	- Fire Control	(92)
1,800	**Total held in Receipts in Advance**	**1,708**

The Authority has received a number of grants, contributions and donations that have no conditions attached and have not been completely expended. These are held in the reserves within the Earmarked Reserves and the Capital Grant Unapplied Account.

The balance at year end for revenue grants held in Earmarked Reserves is as follows:

2011/12 £,000		2012/13 £,000	£,000
788	Balance at 1 April	598	
0	- New Dimensions		
788			598
	Grant received in year not expended		
115	- New Dimensions	118	
76	- Enhanced Logistic Support Project	76	
0	- New Burden - council tax reform	27	
219	- various partnership contributions	17	
410			238
	Grants released in year		
(312)	- LPSA	0	
0	- Enhanced Logistic Support Project	(92)	
(114)	- New Dimensions	(264)	
0	- New Burden - council tax reform	(5)	
(174)	- various partnership contributions	(15)	
(600)			(376)
598	**Total held in Earmarked Reserves at 31 March**		**460**

The balance at year end for capital grants held in Capital Grants Unapplied Reserves is as follows:

2011/12 £,000		2012/13 £,000	
0	Balance at 1 April	0	
	Grant received in year not expended		
1,477	- CLS General capital Grant	1,472	
1,477			1,472
	Grants released in year		
(1,477)	- CLS General capital Grant	(1,472)	
(1,477)			(1,472)
0	**Total held in Capital Unapplied Account 31 March**		**0**

28. 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 be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government
Central Government has effective control 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. Details of transactions with government departments are set out in the Foreword and the Cash Flow Statement and associated notes.

Members
Members and Senior Officers of the Authority have direct control over its financial and operating policies and are required to disclose details of any transactions that the Authority has with any individuals with whom they may have a close relationship or any company in which they may have an interest. Members and Senior Officers are aware of the requirement of this disclosure and have declared that they have not been involved in any such related party transactions.

The Authority contracts with Staffordshire County Council for the provision of administrative support. The amount paid in 2012/13 was £152,000 (£174,000 in 2011/12).

In addition the Authority has outsourced the administration of the Fire Fighters Pension Scheme to Northgate Arinso, now Capita, effective from 1st April 2009. The amount paid in 2012/13 was £55,000 (£58,000 in 2011/12).

During the financial year amounts were paid to the Local Government Pension Scheme managed on behalf of the Authority by Staffordshire County Council. Details of the amounts paid are shown in Note 36 below.

29. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including value of assets acquired under finance leases and PFI contracts), 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 Requirements (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

The CFR is analysed as follows:

2011/12 £,000		2012/13 £,000
28,298	**Opening Capital Financing Requirement**	29,518
		0
	Capital investment	
7	Intangible Assets	258
26,783	Property, Plant & Equipment	4,353
0	Donated Assets	0
	Sources of finance	
0	Capital receipts	(337)
(1,477)	Government grants and other contributions	(1,472)
(677)	Revenue Provision	(1,228)
(1,755)	PFI revenue provision	0
(21,661)	PFI Liability	0
29,518	**Closing Capital Financing Requirement**	**31,092**
	Explanation of movements in the year	
0	Increase in underlying need to borrow (supported by Government financial assistance)	0
1,220	Increase in underlying need to borrow (unsupported by Government financial assistance)	1,574
1,220	**Increase in Capital Financing Requirement**	**1,574**

30. OTHER LONG TERM LIABILITIES

The Other Long Term Liabilities include finance leases and the PFI Liability as disclosed in notes 31 and 32. The following schedule analyses the liability:

2011/12 Total Liability £,000	2011/12 Payable less than 1 year £,000	2011/12 Payable more than 1 year £,000		2012/13 Total Liability £,000	2012/13 Payable less than 1 year £,000	2012/13 Payable more than 1 year £,000
1,198	325	873	Finance Lease	873	339	534
44,580	1,943	42,637	PFI Liability	42,558	1,936	40,622
2,867	0	2,867	PFI Grant CLG	2,760	0	2,760
48,645	**2,268**	**46,377**		**46,191**	**2,275**	**43,916**

The liabilities payable less than one year are included in the Short Term Creditors.

31. LEASES

Finance Leases

The assets acquired under finance lease are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

2011/12 £,000		2012/13 £,000
1,653	**Opening Net Value at 1 April**	**1,307**
0	Additions	0
0	Revaluations	0
(257)	Depreciation	(263)
(89)	Disposals	0
1,307	**Value at 31 March**	**1,044**

The Authority acquired fire appliances under the terms of finance leases. The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while liability remains outstanding.

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31-Mar-12	31-Mar-13	31-Mar-12	31-Mar-13
	£,000	**£,000**	**£,000**	**£,000**
Obligations payable not later than one year	376	378	325	339
Obligations payable later than one year and not later than five years	876	582	792	534
Obligations payable later than five years	84	0	81	0
	1,336	**960**	**1,198**	**873**

The rentals payable under these arrangements in 2012/13 were £376,000 (£375,000 in 2011/12), charged to the Comprehensive Income and Expenditure Statement as £51,000 and £325,000 relating to the write-down of obligations to the lessor charged to the General Fund.

	2012/13
	£,000
Finance Lease Liabilities	873
Finance Costs payable in future years	87
Minimum lease payments	**960**

Operating Lease

The Authority has operational vehicles and equipment financed under the terms of operating leases. The amount paid under these arrangements in 2012/13 £51,000 (£72,000 in 2011/12).

The current operating leases have ceased at 31st March 2013.

2011/12		**2012/13**
£,000		**£,000**
41	Obligations payable not later than one year	0
0	Obligations payable later than one year and not later than five years	0
0	Obligations payable later than five years	0
41		**0**

<u>Operating Lease - Equipment</u>

2011/12		**2012/13**
£,000		**£,000**
0	Obligations payable not later than one year	0
0	Obligations payable later than one year and not later than five years	0
0	Obligations payable later than five years	0
0		**0**

32. PRIVATE FINANCE INITIATIVES (PFI)

The PFI transactions are treated in the Authority's accounts in accordance with the latest recommended practice with the adaptation of IFRIC12 (Service Concession Arrangements).

The contract to build ten new community fire stations in Staffordshire as part of the first PFI project was officially signed on 15 October 2009 by representatives of the Authority and the consortium delivering the project, Fire Support. The project will benefit from £50 million of PFI credits from CLG.

The project has seen seven fire stations rebuilt as well as the construction of an additional three new stations. All ten stations are now operational; five being built in 2010/11 and the remaining built in 2011/12.

Property, Plant and Equipment

The assets used to provide services at the fire stations are recognised on the Authority's Balance Sheet.

Payments

The Authority makes an agreed payment annually 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 are as follows:

Future Unitary Payments	**Operating Costs**	**Contingent Rental**	**Interest**	**Lifecycle Replacement**	**Capital Repayment**	**Total Unitary Charge**
	£'000	£'000	£'000	£'000	£'000	£'000
within 1 year	1,077	397	1,891	41	1,936	**5,343**
2-5 years	4,674	2,466	6,701	394	7,554	**21,788**
6-10 years	6,873	4,734	6,579	1,441	8,631	**28,259**
11-15 years	7,912	6,437	4,653	1,858	8,675	**29,534**
16-20 years	9,151	7,826	2,745	2,487	8,769	**30,978**
21-25 years	7,146	6,663	696	1,534	6,993	**23,033**
	36,832	**28,525**	**23,264**	**7,756**	**42,558**	**138,934**

Although the payments made to the contractor are described as unitary payment, 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 contractor's liability for capital expenditure incurred is £42,558,000 over the next 24 years, as stated in the above table.

Movements in the Year

	2012/13
	£'000
Fair Value of Services	1,049
Finance Costs	1,980
Contingent Rent	308
Revenue Unitary Payments	**3,337**
Other Revenue Expenditure	-
Depreciation	1,166
Total Expenditure	**4,503**
PFI Special Grant	(3,922)
Other Contributions	-
(Surplus)/Deficit Amount in Income & Expenditure Account	**581**
Statement of Movement on the General Fund Balance	
Amounts required by statue to be Excluded - depreciation	(1,166)
amounts required by statue to be Included - MRP	2,022
Transfer to/(from) Earmarked Reserves	(856)
Net Charge to the General Fund	**-**
Interest Earned on Balance	-
Interest Accrued from Previous Years	-

33. CONTINGENT LIABILTIES

The Authority has contingent liabilities totaling £115,500 relating to pending insurance claims. These cases are still being progressed through the legal process and final decisions are not yet known. Were these liabilities to crystallise, the authority would be reimbursed through their insurance policy, and liable only for the insurance excess of c£5,000 on each claim up to a maximum of £60,000 for the twelve claims.

Stoke on Trent and Staffordshire Fire and Rescue Service has received a challenge from HMRC regarding a potential tax liability arising from the provision of emergency vehicles to its officers that respond to emergencies. It is unclear at this point if any liability will arise from these discussions. Professional advice has been sought on these issues from our tax advisors RSM Tennon.

34. REGIONAL CONTROL CENTRE

West Midlands and Stoke-on-Trent and Staffordshire Fire and Rescue Authorities signed a formal agreement in November 2011 to work in partnership to develop a shared Fire Control Service covering the Staffordshire and West Midlands areas, in order to maximise both efficiency and increase operational resilience following cessation of the national Fire Control Project in December 2010.

A grant of £3.6m has now been received from the Department for Communities and Local Government in order to assist in the funding of this ambitious and far reaching project. The joint project team has now been established which reports progress into a Fire Control Project Board, which ultimately reports through to a joint Fire Control Project Governance Board. The project is currently progressing well with the full technical solution due for implementation during 2014.

35. TERMINATION BENEFITS

In 2012/13 the Authority incurring liabilities of £128,000 for six voluntary redundancies, as disclosed in Note 24.

36. PENSION SCHEMES

INCOME AND EXPENDITURE COSTS

Uniformed Fire-fighters

This is an unfunded scheme which means that there are no investment assets to match with the liability. Cash has to be generated to meet actual pension payments as they fall due. The fire-fighters pension scheme is a defined benefit scheme.

Other Pensionable Employees

In 2012/13 the Authority paid an employer’s contribution of £818,000 into the Staffordshire County Pension Fund (£802,000 in 2011/12). The fund gives members defined benefits related to pay and service. The contribution rate is determined by the fund's actuary based on the triennial actuarial valuation (in 31 March 2010).

The costs of providing pensions are charged to the service revenue accounts as they are earned over the service lives of scheme members. Any variations from regular costs are spread over the remaining working life of current members using the percentage of salary method.

The Authority is responsible for all pension payments for added year’s benefits it has awarded along with related increases. In 2012/13 these amounted to £64,000 (£66,000 in 2011/12).

IAS19 - Post Employment Benefits requires the Authority to disclose its share of assets and liabilities relating to its employee pension schemes. The Fire Authority participates in four schemes, these are:

a) Three fire-fighters’ schemes that are administered by Northgate Arinso, now Capita, from 1st April 2009.

i. Pension Scheme 1992 (FF'92)
ii. Pension Scheme 2006 (FF'06) which includes whole time and retained staff as members
iii. Compensation Scheme 2006 (FF'CS) with non-contributory provisions covering death and injury on duty

b) A Local Government Pension Scheme (LGPS) for other employees that is adminstered by Staffordshire County Council.

The cost of the retirement benefits in the Cost of Services represents the cost of benefits earned during the year and past service costs, which represent the estimated liability of discretionary benefits awarded by the employer. The charge to the Council Tax is based upon employers contribution paid in the year to the Pension Fund, so the real cost of retirement benefits is reversed out of the Comprehensive Income and Expenditure Statement after Net Operating Expenditure. The following transactions were made in the income and expenditure account during the year.

	Local Government Pension Scheme		Fire Fighters 1992 Pension Scheme		Fire Fighters 2006 Pension Scheme		Compensation Scheme 2006		**Total Scheme**	
	2011/12 £'000	2012/13 £'000	2011/12 £'000	2012/13 £'000	2011/12 £'000	2012/13 £'000	2011/12 £'000	2012/13 £'000	**2011/12 £'000**	**2012/13 £'000**
Comprehensive Income and Expenditure Statement										
Cost of Services:										
- Current service costs	918	956	4,450	4,820	1,820	1,990	610	860	**7,798**	**8,626**
- curtailments	0	79	0	0	0	0	0	0	**0**	**79**
Financing and Investment Income and Expenditure:										
- Interest cost	1,566	1,513	15,050	13,940	550	620	1,430	1,380	**18,596**	**17,453**
- Expected return on scheme assets	(1,419)	(1,246)	0	0	0	0	0	0	**(1,419)**	**(1,246)**
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	1,064	1,302	19,500	18,760	2,370	2,610	2,040	2,240	**24,974**	**24,912**
- Actuarial (gains) / losses on Plan Assets	(502)	2,026	0	0	0	0	0	0	**(502)**	**2,026**
- Actuarial (gains) / losses on obligation	(1,019)	(4,588)	3,530	(6,770)	420	(800)	(510)	1,850	**2,421**	**(10,308)**
- Changes in assumptions	0	0	(13,340)	(40,840)	(520)	(2,440)	(1,050)	(5,670)	**(14,910)**	**(48,950)**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(1,521)	(2,562)	(9,810)	(47,610)	(100)	(3,240)	(1,560)	(3,820)	**(12,991)**	**(57,232)**
- Employers contributions	(802)	(818)	(2,288)	(2,198)	(610)	(633)			**(3,700)**	**(3,649)**
- Retirement benefits paid to Pensioners	0	0	(10,076)	(10,379)			(780)	(820)	**(10,856)**	**(11,199)**
- Unfunded benefits	(66)	(64)							**(66)**	**(64)**
Actual amount charged against the General fund Balance for pensions in the year	(868)	(882)	(12,364)	(12,577)	(610)	(633)	(780)	(820)	**(14,622)**	**(14,912)**

The cumulative actuarial loss recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2013 is £57.2m (2011/12 loss £12.9m).

THE AUTHORITY'S ASSETS AND LIABILITIES

The underlying assets and liabilities of the Authority are as follows:

	2011/12				**2012/13**			
	LGPS £'000	**FF'92 £'000**	**FF'06 £'000**	**FF'CS restated £'000**	**LGPS £'000**	**FF'92 £'000**	**FF'06 £'000**	**FF'CS £'000**
Scheme liabilities	31,213	286,721	11,463	28,075	37,947	343,930	17,806	33,315
Unfunded liabilities	0	0	0	0	0	0	0	0
Total Liabilities	31,213	286,721	11,463	28,075	37,947	343,930	17,806	33,315
Estimated assets	21,626	0	0	0	25,378	0	0	0
Net liabilities	**9,587**	**286,721**	**11,463**	**28,075**	**12,569**	**343,930**	**17,806**	**33,315**

The liability shows the underlying commitments the Authority has to pay as retirement benefits.

The total liability of £407.62m reduces the Authority's net worth significantly as shown in the Balance Sheet and results in overall negative balance of £380.47m at 31 March 2013. The Government top up grant required to balance to the Pension Fund Account of £5.8m has not been included in the net liabilities above or in the Balance Sheet.

However, a statutory arrangement for funding the deficit means the financial position of the Authority remains healthy. The LGPS deficit will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme's actuary.

The LGPS Scheme's liabilities have been valued by Hymans Robertson, an independent and professionally qualified firm of actuaries. The Unfunded Scheme's liabilities have been re-valued using the Projected Unit Method by the Government's Actuary Department.

BASIS FOR ESTIMATING ASSETS

The principal assumptions used by the actuary have been:

	2011/12				2012/13			
	LGPS	**FF'92**	**FF'06**	**FF'CS**	**LGPS**	**FF'92**	**FF'06**	**FF'CS**
Long-term expected rate of return on assets in the scheme:								
Equities	6.2%				4.5%			
Bonds	3.3%				4.5%			
Property	4.4%				4.5%			
Cash	3.5%				4.5%			
Mortality assumptions:								
Longevity at 65 for current pensioners:								
- Men	21.2	23.4	23.4	23.4	21.2	23.5	23.5	23.5
- Woman	23.4	25.3	25.3	25.3	23.4	25.4	25.4	25.4
Longevity at 65 for future pensioners:								
- Men	23.3	26.5	26.5	26.5	23.3	26.7	26.7	26.7
- Woman	25.6	28.3	28.3	28.3	25.6	28.4	28.4	28.4
Other assumptions:								
Price Increases	2.5%	2.5%	2.5%	2.5%	2.8%	2.5%	2.5%	2.5%
Salary Increases	4.8%	4.7%	4.7%	4.7%	5.1%	4.7%	4.7%	4.7%
Pension Increases	2.5%	2.5%	2.5%	2.5%	2.8%	2.5%	2.5%	2.5%
Discount Rate	4.8%	4.9%	4.9%	4.9%	4.5%	4.3%	4.3%	4.3%
Expected Return on Assets	5.7%		(unfunded schemes)		4.5%		(unfunded schemes)	

For the LGPS an allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

The Actuary estimates the Employer's contributions for the year to 31st March 2014 for LGPS and FF Pensions will be approximately £859,000 and £2,712,000 respectively.

SCHEME HISTORY

	2008/9	2009/10	2010/11	2011/12	2012/13
Present Value of liabilities	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
LGPS	(18,178)	(32,746)	(28,307)	(31,213)	(37,947)
FF92	(205,043)	(296,363)	(266,295)	(286,721)	(343,930)
FF06	(2,261)	(6,991)	(8,401)	(11,463)	(17,806)
FF Compensation	(19,930)	(29,715)	(25,255)	(28,075)	(33,315)
Fair Value of Assets	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
LGPS	12,153	18,199	20,437	21,626	25,378
Surplus/(deficit) in the scheme	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
LGPS	(6,025)	(14,547)	(7,870)	(9,587)	(12,569)
FF92	(205,043)	(296,363)	(266,295)	(286,721)	(343,930)
FF06	(2,261)	(6,991)	(8,401)	(11,463)	(17,806)
FF Compensation	(19,930)	(29,715)	(25,255)	(28,075)	(33,315)
Experience gains and losses on assets	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
LGPS	(4,652)	4,487	389	(502)	2,026
% of assets at end of year	%	%	%	%	%
LGPS	-35.8	0.2	0.0	-0.0	0.1
Experience gains and losses on liabilities	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
LGPS	(68)	(36)	238	(326)	70
FF92	(860)	6,940	9,580	3,530	(6,770)
FF06	190	170	620	420	(800)
FF Compensation	970	(3,010)	1,840	(510)	1,850
% of liabilities at end of year	**%**	**%**	**%**	**%**	**%**
LGPS	-0.4	0.1	-0.8	1.0	-0.2
FF92	-0.4	2.3	3.6	1.2	-2.0
FF06	8.4	2.4	7.4	3.7	-4.5
FF Compensation	4.9	-10.1	7.3	-1.8	5.5

LOCAL GOVERNMENT PENSION SCHEME

Year Ended:	31-Mar-12	31-Mar-13
	£'000	£'000
Opening Defined Benefit Obligation	**28,307**	**31,213**
Current Service Cost	918	956
Interest Cost	1,566	1,513
Contributions by Members	323	324
Actuarial Losses / (Gains)	1,019	4,588
Past Service Costs / (Gains)	0	0
Losses / (Gains) on Curtailments	0	79
Liabilities Extinguished on Settlements	0	0
Liabilities Assumed in a Business Combination	0	0
Exchange Differences	0	0
Estimated Unfunded Benefits Paid	(66)	(64)
Estimated Benefits Paid	(853)	(662)
Closing Defined Benefits Obligation	**31,213**	**37,947**

The Scheme Assets

Year Ended:	31-Mar-12	31-Mar-13
	£'000	£'000
Opening Fair Value of Employer Assets	**20,437**	**21,626**
Expected Return on Assets	1,419	1,246
Contributions by Members	323	324
Contributions by the Employer	802	818
Contributions in respect of Unfunded Benefits	66	64
Actuarial Gains / (Losses)	(502)	2,026
Assets Distributed on Settlements	0	0
Assets Acquired in a Business Combination	0	0
Exchange Differences	0	0
Unfunded Benefits Paid	(66)	(64)
Benefits Paid	(853)	(662)
Closing Fair Value of Employer Assets	**21,626**	**25,378**

The Local Government Pension Scheme fund values and expected rates of return are:

	Fund Value		Expected Return	
	31-Mar-12	31-Mar-13	2011/12	2012/13
	£'000	£'000	£'000	£'000
Equities	16,869	20,049	1,046	902
Bonds	2,595	3,045	86	137
Property	1,946	2,030	86	91
Cash	216	254	8	11
Total	**21,626**	**25,378**	**1,226**	**1,141**

The movement in the net pension's deficit for the LGPS for the year can be analysed as follows:

	2011/12 £'000	2012/13 £'000
Net surplus/(deficit) at the beginning of year	**(7,869)**	**(9,587)**
Movement in the year:		
Current service cost	(918)	(956)
Employer contributions	802	818
Net return on assets (after Interest on pension liabilities)	(147)	(267)
Past Service Costs	0	0
Impact of settlements and curtailments	0	(79)
Unfunded Benefits	66	64
Actuarial gains/(loss)	(1,521)	(2,562)
Change in valuation of pension fund assets	0	0
Net surplus/(deficit) at the end of year	**(9,587)**	**(12,569)**
The actuarial gain/loss can be analysed as follows:		
Actual less expected return on pension assets	(502)	2,026
Experience gains/(losses) arising on pension liabilities	(1,019)	(4,588)
Changes in assumptions underlying the present value of the pension liabilities	0	0
Actuarial gain/(loss)	**(1,521)**	**(2,562)**

Further information can be found in the Staffordshire County Council Superannuation Fund Annual Report, which is available upon request from the County's Finance Directorate, Eastgate Street, Stafford.

FIREFIGHTER PENSION SCHEMES

The movement in the net pension's deficit for the Unfunded Firefighters' Schemes for the year can be analysed as follows:

	2011/12			2012/13		
	FF'92 £'000	**FF'06 £'000**	**FF'CS £'000**	**FF'92 £'000**	**FF'06 £'000**	**FF'CS £'000**
Net deficit - start of year	**(266,295)**	**(8,401)**	**(25,255)**	**(286,721)**	**(11,463)**	**(28,075)**
Transfer provision for injury awards	0	0	0	0	0	0
Movement in the year:						
Current service cost	(4,450)	(1,820)	(610)	(4,820)	(1,990)	(860)
Employee contributions	(1,147)	(473)	0	(1,149)	(509)	0
Past service cost	0	0	0	0	0	0
Pension transfers-in	(39)	(129)	0	0	(44)	0
Pension/benefits paid	10,070	10	780	10,310	60	820
Interest on pension liabilities	(15,050)	(550)	(1,430)	(13,940)	(620)	(1,380)
Actuarial gains/(loss)	(9,810)	(100)	(1,560)	(47,610)	(3,240)	(3,820)
Net deficit - end of year	**(286,721)**	**(11,463)**	**(28,075)**	**(343,930)**	**(17,806)**	**(33,315)**

The actuarial gain/(loss) can be analysed as follows:

	2011/12			2012/13		
	FF'92 £'000	**FF'06 £'000**	**FF'CS £'000**	**FF'92 £'000**	**FF'06 £'000**	**FF'CS £'000**
Actual less expected return on assets	0	0	0	0	0	0
Experience gain/(loss) on liabilities	3,530	420	(510)	(6,770)	(800)	1,850
Changes in assumptions underlying the present value of the liabilities	(13,340)	(520)	(1,050)	(40,840)	(2,440)	(5,670)
Actuarial gain/(loss)	**(9,810)**	**(100)**	**(1,560)**	**(47,610)**	**(3,240)**	**(3,820)**

Pension Reserve

To comply with IAS19 the Local Government and Firefighters Pension Scheme values are included in the Balance Sheet.

	LGPS	FF '92	FF '06	FF 'CS	Totals
	£000	**£000**	**£000**	**£000**	**£000**
Balance brought forward	(9,587)	(286,721)	(11,463)	(28,075)	(335,846)
Transfer provision for injury awards	0	0	0	0	0
Actuarial Gain	(2,562)	(47,610)	(3,240)	(3,820)	(57,232)
Contribution to Revenue Accounts	(420)	(9,599)	(3,103)	(1,420)	(14,542)
Balance carried forward	**(12,569)**	**(343,930)**	**(17,806)**	**(33,315)**	**(407,620)**

37. PENSION LIABILITY

At 31st March 2013, 16 employees of the Authority who are members of the Firefighters' Pension Scheme were eligible for voluntary retirement, having reached age 50 and completed 25 years' service.

If all were to exercise their right to retire in the 2013/14 financial year, the Authority would have to make payments amounting to £2.9 million. The total includes lump sum payments of £2.6 million and annual pension payment of £0.3 million assuming that everyone retired on 1 April 2013.

Firefighters’ Pension Fund

2011/12 £'000		2012/13 £'000	2012/13 £'000
	Contributions receivable		
	From employer		
(2,898)	- normal	(2,831)	
0	- early retirements	0	
0	- other	0	
(2,898)			(2,831)
(1,620)	From members		(1,658)
	Transfers in		
(168)	- individual transfers in from other schemes	(44)	
0	- other	0	
(168)			(44)
	Benefits payable		
7,678	- pensions	8,315	
2,397	- commutations and lump sum retirement benefits	1,961	
1	- lump sum death benefits	0	
10,076			10,276
	Payments to and on account of leavers		
0	- refunds of contributions	1	
0	- individual transfers out to other schemes	102	
0			103
5,390	**Net amount payable for the year before top-up grant receivable to sponsoring department**		**5,846**
(5,390)	Top-up grant payable by the Government		(5,846)
0	**Fund Account Balance**		**0**

Net Assets Statement

2011/12 £'000		2012/13 £'000
	Net Current Assets and Liabilities	
857	Top-up receivable/(payable) to the Government	690
(857)	Amount owing (to)/from General Fund	(690)
0		**0**

Statement of Accounting Policies

1. The fund accounts have been prepared on an accruals basis.

2. An exception to the accruals basis is the transfer values which are on a cash basis. Note: transfer payments between English fire authorities were repealed by Regulation 36 of 1810/2006. Therefore transfer payments which arise will relate to Firefighters transferring to/from Welsh and Scottish authorities or transferring out of the Firefighters Pension Scheme entirely.

3. The fund has been valued by the Government Actuary's Department using the Projected Unit Credit method. The actuarial assumptions are shown in Note 36 to the Core Financial Statements.

4. The pension fund accounts do not take account of the obligation to pay pensions and benefits which fall due after the end of the financial year. The liabilities are shown in Note 36 IAS19 disclosure in the core financial statements.

Notes to the Pension Fund Account

1. Legal Status of the Pension Fund

The Pension Fund was established under the Firefighters Pension Fund Regulations 2006 (SI1810/2006) and from 1st April 2009 is administered by Northgate Arinso.

2. Management of the Fund

During the year the pension fund is managed by the Director of Assets and Resources.

3. Pension Benefits Payable from the Fund

The pension benefits payable from the fund include:

- Fire Fighters 1992 Scheme
- Fire Fighters 1996 Scheme

The injury benefits are payable from the main authority accounts rather than the pension fund.

4. Unfunded Scheme

The Firefighters' pension scheme is an unfunded scheme, consequently:

- the fund has no investment assets;
- benefits payable are funded by contributions from employers and employees;
- any difference between benefits payable and contributions receivable is met by top-up grant from the Home Office/Department for Communities and Local Government (DCLG).

5. Statutory Restrictions

The pension fund is statutorily prevented from including interest on cashflows and administration expenses in the pension fund and that these expenses are borne by the fire authority main accounts.

6. Pension Fund Scheme Contribution Levels

Employees and employers contribution levels are set nationally by the Home Office/DCLG and subject to triennial revaluation by the Government Actuary's Department.

7. Government 'Top-Up' Grant

The pension fund account receives contributions from the Authority, as the employer, and from scheme members, with any deficit being funded by a 'top-up' grant from Government or by paying over the surplus to the Government sponsoring department. The Government grant balances the fund to nil. The net assets statement shows £0.857m grant to be paid to the Authority as this is the deficit balance on the fund.

8. IFRS

As a result of the introduction of The IFRS Code there are no material changes to the pension statements arising from the transition.

Glossary

Accrual
A sum included in the final accounts to cover income or expenditure attributable to an accounting period for goods or work done, but for which payment has not been received/made by the end of an accounting period.

Capital Charge
A charge to service expenditure accounts to reflect the cost of fixed assets used in the provision of services.

Capital Expenditure
Expenditure on the acquisition of significant fixed assets that will be of use or benefit to the authority in providing its services beyond the year of account.

Capital Adjustment Account
Provides a balancing mechanism between the different rates at which assets are depreciated under accounting rules and are financed through the capital controls system.

Capital Receipts
Proceeds from the sale of an asset e.g. Land and Buildings which may be used to finance new capital expenditure or to repay outstanding loan debt as laid down within regulations set by Central Government.

CIPFA
The Chartered Institute of Public Finance and Accountancy.

Contingent Liabilities
A potential liability at the balance sheet date when the accounts are submitted for approval the outcome of which is uncertain. If material the liability will be disclosed as a note to the accounts.

Deferred Charges
An item in a balance sheet where there is no tangible asset. It also represents outstanding borrowing in respect of a capital asset which has been disposed of but where the proceeds have been insufficient to clear the outstanding debt.

Deferred Liabilities
Liabilities which by arrangement are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time.

Leasing
A method of financing capital expenditure where a rental charge is paid for a specified period of time. There are two main types of leasing arrangements:

a) Finances leases which transfer 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.

b) Operating leases where the ownership of the asset remains with the leasing company and the annual rental is charged direct to the income and expenditure account

LOBO
A longer term loan which, at set points during its term, gives the lender the option to change the interest rate and the borrower the option to continue or end the agreement.

Minimum Revenue Provision – Prudent Level
The minimum amount which must be charged to the revenue account each year to set aside for provision for credit liabilities, previously 4% of the capital financing requirement.

Public Works Loan Board (PWLB)
A government agency which provides longer term loans to local authorities, at interest rates below market rate. It also acts as a lender of last resort (at a higher rate of interest).

'Prudent' Level
In this instance the term relates to amount charged to the Income and Expenditure Account for the provision for the repayment of debt. This is a more cautious approach thus linking borrowing to asset lives rather than just the standard 4% charge in previous years regardless of asset life.

Revaluation Reserve
Records unrealised revaluation gains arising (since 1 April 2007) from holding fixed assets.

Revenue Contribution to Capital Outlay / Direct Revenue Financing (RCCO) / (DRF)
A contribution to the financing of capital expenditure by a charge to the income and expenditure account, i.e. as a source of capital expenditure funding also can be used to avoid borrowing.

Virement
The transfer of resources between budget heads.

Work in Progress
The cost of work done on an uncompleted project at a specified date that has not been recharged to the appropriate account at that date.