AVON FIRE & RESCUE

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Avon Fire Authority

Statement of Accounts

2010/11

PREVENTING PROTECTING RESPONDING

Avon Fire Authority

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Explanatory Foreword by the Treasurer

Introduction

Avon Fire Authority provides a Fire and Rescue Service for the Unitary Authorities of Bath and North East Somerset, Bristol, North Somerset and South Gloucestershire. This document contains the Statement of Accounts for the Fire Authority for the year ended 31 March 2011. The preparation of the Statutory Statement of Accounts is undertaken in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11, ('the code'), published by CIPFA/LASAAC. The Accounts and Audit (England) Regulations 2011 require that the accounts are completed and approved by the Authority by 30th September 2011. Prior to this the responsible financial officer (i.e. the S151 officer) must sign and date the Statement of Accounts by no later than the 30th June 2011.

The code specifies the principles and practices of accounting required to give a true and fair view of the financial position and transactions of the Fire Authority. It sets out the proper accounting practices required by Section 21(2) of the Local Government Act 2003.

The Statement of Accounts primarily comprises the following principal financial statements:

- Movement in Reserves Statement
- Balance Sheet
- Comprehensive Income and Expenditure Statement
- Cash Flow Statement

This foreword provides a guide to the statements that follow, describing changes in accounting policies and presentation that have occurred since the 2009/10 Statement of Accounts. It also explains material items within the Accounts, compares revenue spending to the budget that was approved for the year, outlines the resources available for capital expenditure and other financial commitments and sets the accounts into the context of ongoing plans.

The foreword also provides an outline of the Services non-financial performance including a range of performance indicators and description of key achievements throughout the year.

Accounting Changes from 2009/10 to 2010/11

The 2009/10 Statement of accounts was prepared under the previous code of practice, which was a Statement of Recommended Practice ('SORP') based on UK Generally accepted Accounting Practices (UK GAAP). The 2010/11 Code is based primarily on International Financial Reporting Standards (IFRSs), which are issue by the International Accounting Standards Board.

The basis of these changes is to increase compatibility and standardisation for reporting entities and to ensure a consistent presentation to the user of the accounts.

The key accounting changes relevant to the Fire Authority include:-

- **Government Grants** - Capital grants and contributions are recognised as income immediately rather than being deferred and released to revenue to match depreciation.

- **Financial Statements** - The Income and Expenditure Account, the Statement of Movement on the General Fund Balance and Statement of Total Recognised Gains and Losses have been replaced by the Movement in Reserves Statement and the Comprehensive Income Statement. Elements of the Balance Sheet and Cash Flow Statement have also changed. Additionally there is more flexibility, terminology can be amended and the order of the statements changed to suit the Authority.

An explanation of each of the statement in the context of Avon Fire Authority will be given below.

- **Property, Plant and Equipment** - There is a greater emphasis on accounting for different components of assets, for example Fire stations have been broken into sub components separately accounted for i.e. Building fabric, mechanical and electrical etc. Impairments are taken to the revaluation reserve rather than income and expenditure. There is also a new class of ‘assets held for sale’.

- **Salaries and Pensions** - Employee Benefits are now accounted for as they are earned by the employee so untaken holiday pay and similar items e.g. time in the book are accrued for at year end.

- **PFI –** Assets are brought onto the balance sheet where the Authority controls the asset. This change was made to the SORP last year and was therefore already accounted for under the new method in 2009/10.

- **Leases –** The previous 10% residual value test to identify an operating lease has now been removed. The Authority has reviewed all its operating leases, including long term contracts, the terms of which may indicate the existence of an embedded lease. The outcome of this review is that there are no embedded leases and that all operating leases should now be treated as finance leases with the relevant assets being included on the balance sheet. This has contributed to an increase in asset values and a corresponding increase in the financing costs of assets included in the Comprehensive Income and Expenditure Statement

The statement of accounting policies has been rewritten in order to accommodate these and other less significant changes. The comparative figures shown for 2009/10 which were originally published under the SORP, have been restated as if the Code had always applied. Regulation 4 of the 2011 Regulations states that that the Annual Governance Statement (AGS) does not now form part of the Statement of Accounts.

Overview of the Financial Year 2010/11

Key Issues

Key financial issues arising from the Statement of Accounts are:

- The Comprehensive Income and Expenditure Account shows a Surplus on Provision of Services of £27.353m. This figure includes items which are required to be charged to the Comprehensive Income and Expenditure Account in accordance with proper accounting practices but do not fall to be charged to the council tax payer. The surplus is primarily in relation to a credit of £47.452m for pension charges resulting in part from using the Consumer Price (CPI) instead of the Retail Price Index (RPI) as the basis for calculating future pension increases.

- The net expenditure for the year, after adjusting for these items was £46.634m, £0.911m lower than budgeted. Savings were achieved on all main areas of the budget.

- The fund balance (working balance) remains at £1.5m, which is within the parameters agreed by the Authority. This sum is intended to meet unforeseen expenditures and, if called upon, this would then need to be replaced.

- There was a net increase in Total Usable Reserves of £452k for the year. Total Usable Reserves of £3.652m, excluding the working balance of £1.500m were available at 31st March 2011.

- The Authority's medium term plan identifies certain budget pressures. The Authority has maintained a Pension and Budget Pressures reserve which now amounts to £1.5m to help meet these identified pressures. During the year an additional Austerity Reserve was set up amounting to £2.107m. This reserve has been created to assist the Authority in achieving its medium term financial targets. It will be utilised to offset the reduction in government grant over the current Comprehensive Spending Review (CSR) by smoothing out grant reductions, funding one off costs and supporting spend to save initiatives. It is anticipated that this reserve will be utilised over the next 4 years.

- The Integrated Risk Management Plan (IRMP) sets out the Authority's assessment of local risk to life and, in line with this analysis, sets out how it is going to deploy its resources to tackle these risks and improve the safety of all sections of society. The reserve set aside at the end of 2009/10 of £680k was transferred to the Austerity Reserve in 2010/11 and will be utilised to deliver future initiatives.

- During the year £2.716m was spent on the Authority's approved capital programme. £1.304m of this expenditure is to be funded by borrowing but because of current low short-term interest rates and the increased risks associated with lending, resulting from the current financial climate, actual borrowing has been delayed. This expenditure is therefore being funded from internal resources and the position will continue to be monitored closely during 2011/12.

- The Authority fully complied with a range of Prudential borrowing indicators set for the year to ensure borrowing levels are within agreed limits. Financing costs as a % of revenues budget was 4.7%, below the 5% target, the total capital financing requirement reduced by £182k to £23.325m, £1,873k within target.

Prudential Indicators	Estimated	Actual	Variance
Capital Financing Requirement	£25,198	£23,325	-£1,873
Financing costs as a % of revenue	5.80%	4.71%	-1.09%
Impact on Council Tax	£2.38	£2.08	-£0.30
Operational Boundary for external debt	£25,198	£23,325	-£1,873
Authorised Limit for external debt	£25,198	£24,325	-£873

- The Authority is a partner in a Private Finance Initiative (PFI) training centre. During the year Gloucestershire County Council, the administrators of the scheme, predicted a funding shortfall at the end of the PFI contract period of around £2.3m. Funding options are currently being considered in accordance with the normal review process, but it is likely that future contributions will need to be increased from 2012/13 to cover this.

- The National Regional Control Centre (RCC) Project was stopped by the Government during the year. The Authority will continue to use its facilities at Lansdown to provide a control service. It is anticipated that the decision will be cost neutral to the Authority. However, the Service has implemented the new Firelink communications system and received government grant of £142k to fund additional costs.

Revenue Budget and Spending in 2010/2011

The Avon Fire Authority set a net revenue budget for 2010/11 of £47.086m (£46.125m in 2009/10), after allowing for the contribution to reserves, which resulted in a Council Tax of £60.38 (£58.63 in 2009/10) per Band D property.

In broad terms, where the Authority's funding came from and what it was spent on during 2010/2011 can be analysed as follows:

Source of funds	%	Application of funds	%
General Government Grants	6.43%	Employees (net)	77.66%
Contribution from non-domestic rate	44.28%	Premises	4.08%
Council Tax payers	45.26%	Transport	3.51%
Other Income	4.03%	Supplies and Services	10.06%
		Other Costs	3.77%
		Net transfer to earmarked reserves	0.92%

Set out below is a comparison between actual expenditure and revised budget for the year.

	Budget 2010/2011 £'000s	Actual Expenditure 2010/11 £'000s	Difference £'000s
Expenditure on Services			
Employees (net)	38,297	38,104	(193)
Premises	2,130	2,003	(127)
Transport	1,732	1,722	(10)
Supplies & Services	5,169	4,935	(234)
Other Costs	2,165	1,849	(316)
Income	(1,948)	(1,979)	(31)
Net Expenditure	47,545	46,634	(911)
Transfers to \ from revenue reserves			
Transfers from Reserves	(459)	(459)	0
Balance transferred to Austerity Reserve	0	911	911
Net Expenditure after transfer to \ from reserves	47,086	47,086	0
Revenue Support Grant	(3,155)	(3,155)	0
Non-domestic rates redistribution	(21,724)	(21,724)	0
Precepts	(22,207)	(22,207)	0
Working Balance	0	0	0

The 2010/11 revenue budget was under spent by £911k a variance of 1.9% when compared to budget. After deducting the initial transfer of reserves at the start of the financial year of £459k, £452k was added to Total Usable Reserves at the year end. This reflects the efforts made by all managers and staff to contain expenditure and introduce efficiencies in light of future grant reductions facing the Authority following the latest Comprehensive Spending Review.

Details supporting the major variations highlighted in the statement are as follows:

- **Employee's** – A total underspend of £193k was achieved. This comprises of a saving of £161k for Firefighters, £201k for support staff offset by spending pressures of £193k for Retained firefighters.

- **Pensions** – a slight overspend of £40k for the year reflecting and unexpected injury award cost.

- **Ill health retirements** – There were no ill health retirements in the year. A pension reserve of £500k is available to meet future ill health payments and other pension pressures.

- **Premises Costs** – Overall premises costs were £127k lower than budget. This reflects strong management of maintenance contractor and utility costs. There were also savings associated with cleaning and security contracts.

- **Transport** – Transport costs were £10k lower than budget. There was a reduction in vehicle maintenance costs of £35k, fuel costs were only slightly higher than budget by £4k due to increase use of bulk fuel purchase and travel expenses were £28k over budget.

- **Supplies and Services** – Overall there was an underspend of £234k. This was primarily due to a planned reduction in expenditure to prepare for future budgetary pressures. Savings were made on Furniture £30k, Fire Hydrants £30k, Fees £43k, RMB £12k, operating leases £85k, printing and stationery £21k and marketing £52k.

- **Capital Financing** – A saving of £194k was achieved by initially funding asset acquisitions with internal funds instead of borrowing.

- **Retention Budget** – The balance of the retention budget £143k, held to meet unexpected costs was not utilised.

- **Income.** –There was an increase in budgeted income of £31k reflecting a reduction in Grants and contributions of £107k including the termination of Regional Control Centre payments offset by increased income generation of £138k.

The following table sets out the reconciliation between the surplus for the year for budgeting purposes and the surplus on the Comprehensive Income and Expenditure Account for the year. The difference between the two figures represents items which are not charged to the council tax payer, but need to be included to conform with accounting requirements. These items are reversed out in the Movement in Reserves Statement.

Reconciliation of budgeted expenditure to deficit on Comprehensive Income and Expenditure Account

	2010/2011	
	£'000	£'000
Surplus for year		**911**
Net transfer from from reserves		(459)
Total net transfer from reserves		452
Adjustments for items which do not fall to be charged to the council tax payer but which are required to be charged to the Income and Expenditure Account in accordance with proper accounting practices.		
Items to be charged to the Income and Expenditure Account in accordance with proper accounting practices but required by Statute not to be charged to council tax payers		
IAS 19- Retirement Benefits	18,022	
Depreciation, Impairment, Amortisation and other charges for assets	(3,975)	
Capital Grants Applied	975	
Transfer to / from Collection Fund Adjustment Account	(65)	
Transfer to / from Accumulated Absences Account	(27)	
Transfer to / from Equalisation Fund	28	
Items required by statute to be charged to council tax payers but not required in accordance with proper accounting practices to be charged to the Income and Expenditure Account		
Minimum Revenue Provision (MRP) including voluntary contributions for the repayment of debt and deferred liabilities	1,182	
Revenue contributions to capital expenditure	431	
Employer's contributions payable to the Pensions Account and retirement benefits	10,330	
		26,901
Surplus on the Comprehensive Income and Expenditure Account for the year		**27,353**

Capital

The Fire Authority determines its capital investment plans and consequent level of borrowing in accordance with the Prudential Code issued by CIPFA. The Prudential Code requires the Fire Authority to ensure that its capital investment plans are affordable, prudent and sustainable.

For 2010/11, actual capital expenditure was £2.716m (including capital creditors). Further details relating to capital expenditure can be found in the notes to the core financial statements.

EXPENDITURE CLASSIFICATION	Revised Budget £'000	Outturn £'000	Slippage £'000	Total Programme £'000	Variance Year end £'000
PREMISES					
Environmental works	306	168	136	304	-2
Health and Safety works	88	87	0	87	-1
Access and dignity works	432	156	276	432	0
Patchway Community Safety Centre	145	101	20	121	-24
Brislington Improvements	95	96	0	96	1
Brislington BA training facility	0	1	0	1	1
Bedminster works	163	132	58	190	27
USAR Nailsea	8	8	0	8	0
USAR training rig - Temple	38	35	0	35	-3
SHACS - Temple	55	56	0	56	1
Fire alarm expansion	25	24	0	24	-1
Kitchen refurbishments	22	23	0	23	1
HQ redevelopment project	72	75	0	75	3
Upgrade of uniterruptable power supply	7	6	0	6	-1
General Improvements	92	92	0	92	0
Total Premises	1,548	1,060	490	1,550	2
INFORMATION AND COMMUNICATION SYSTEMS					
Hardware replacement programme	215	64	140	204	-11
Software	100	55	55	110	10
Total Information and comms systems	315	119	195	314	-1
OPERATIONAL VEHICLES AND EQUIPMENT					
Appliance Replacement Programme	1,015	1,032	0	1,032	17
CARP	302	302	0	302	0
Other vehicles	275	116	148	264	-11
Operational equipment	102	87	15	102	0
Total Vehicles and operational equipment	1,694	1,537	163	1,700	6
UNALLOCATED	749	0	742	742	-7
TOTAL CAPITAL	4,306	2,716	1,589	4,305	-1
Funded from:-					
- Approved Borrowing	2,895	1,305	1,590	2,895	0
- Revenue contributions	431	431	0	431	0
- Capital grants / receipts	980	980	0	980	0
TOTAL FUNDING	4,306	2,716	1,590	4,306	0

The Authority invested in the following assets during the year:-

- The delivery of the Authority's second Combined Ariel Platform (CARP)
- Three new B type fire appliances
- New thermal imaging cameras and heavy lifting equipment
- New Community Safety Centre at Patchway, North Bristol.
- Significant improvements to Bedminster and Brislington Fire Stations
- Health and Safety and access and dignity improvements.

Joint Training Centre (JTC) – Private Finance Initiative (PFI) scheme

The Authority, in partnership with Gloucestershire County Council and Devon and Somerset Fire and Rescue Authority, has invested in a twenty-five year PFI contract to provide a joint fire and rescue service training centre at Avonmouth. Under this scheme the Authority will receive a significant element of its fire training from VT Fire Training (Avonmouth) ltd., who designed, built, financed and now operates (DFBO) the training centre.

The Government provides some revenue support to the project in the form of grants (PFI credits) and the three authorities finance the balance by making contributions from their own resources.

The Statement of Recommended Practice (SORP) 2009 required that PFI projects were recognised on the balance sheet in advance of the move to full International Financial Reporting Standards (IFRS) for 2010/11 financial statements. The Authority's 50% stake in the JTC was therefore included as a tangible asset on the balance sheet from 2009/10.

An analysis of the Authority's future commitments to the net annual contract payments (50%), due under the PFI joint venture, along with further analysis of the asset value held on the balance sheet are detailed in note 1 to the Core Financial Statements.

Current projections using existing indices and interest rates predict a shortfall at the end of the period of around £2.3m. Funding options are currently being considered in accordance with the normal review process. It is likely that future contributions will need to be increased from 2012/13 to cover this.

Other Issues

<u>Pensions</u>

The implementation of Financial Reporting Standard No. 17 (FRS17) – Retirement Benefits from 2003/04 continues to have a material impact on the Authority's financial statements with the recognition of the estimated value of the net assets/liabilities of defined benefit pension schemes together with a pension reserve being included in the Authority's balance sheet. FRS17 has now been superceded by IAS19 under IFRS.

Additionally, the Comprehensive Income and Expenditure Account shows the cost of providing retirement benefits to employees in the accounting periods in which the benefits are earned and not the cash payments to schemes or individuals. In accordance with regulations, adjustments made as a result of this accounting standard have no effect on the amount charged to the council taxpayer.

The net pension's liability in the balance sheet at 31 March 2011 amounts to £408.36m compared with a liability of £440.96m at 31 March 2010. Of the liability at 31 March 2011, £401.98m relates to the Uniformed Firefighters scheme, which is an unfunded scheme, and £6.38m relates to the Local Government Scheme. More details can be found in note 26 to the core financial statements.
In his budget statement of June 22 2010 the Chancellor of the Exchequer announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Price Index (CPI) rather than the Retail Price Index (RPI).

This has the effect of reducing the Avon Fire Authority's liabilities by £47,452k and has been recognised as a past service gain in accordance with guidance set down in UITF Abstract 48, since the change is considered to be a change in benefit entitlement. There is no impact upon the amount charged for Council Tax purposes.

With regards to the uniformed fire fighters pensions scheme significant changes were introduced to the financial arrangements with effect from April 2006. Each Fire and Rescue Authority was required to set up a new ring fenced 'Pensions Account' from which pension payments, retirement lump sums and transfers out are to be made. The Pensions account is funded by employee and employer contributions (21.3%), the reimbursement by the employer of charges for ill-health early retirements and transfers in to the scheme. Any deficit / surplus on the account at the year end, is met by / paid to central government. Details relating to the new pensions account are set out on pages 78 and 79.

In relation to the Local Government scheme, pension payments will be paid out over a period of many years in which time it is expected that fund assets will continue to generate returns to meet them. Also, fund assets are subject to large fluctuations in value depending on the state of the stock market.

The position shown in the 2010/11 accounts reflects the triennial valuation of the pension fund at March 2010.

Provisions Contingencies and write-offs

At the balance sheet date the Authority has identified one contingent liability relating to a long term property lease. This primarily relates to costs associated with property dilapidations, contamination and future rent payments. The issue is currently being referred to legal opinion.

Explanation of the Statements.

The Statement of Accounts comprises of the following elements:-

- **Statement of Accounting Policies**
- **Statement of Responsibilities for the Statement of Accounts**
- **Independent Auditors Report**
- **The Financial Statements**

The Statement of Accounting Policies - this explains the basis on which the figures in the accounts are calculated.

The Statement of Responsibilities for the Statement of Accounts – this statement sets out the respective responsibilities of the authority and the treasurer for the accounts.

The Independent Auditors Report – The Statement of Accounts is audited by the Audit Commission, whose opinion and certificate are included in this section.

Financial Statements

The Movement in Reserves Statement - shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase / Decrease before Transfers to earmarked reserves line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the authority.

Probably the most important issue for readers of the accounts will be whether the authority has a surplus or deficit compared to its budget (and Council Tax) for the year. Because the Financial Statements follow accounting standards rather than local government legislation, this isn't easy to identify.

As identified in the Revenue Spending section elsewhere in this foreword the Service managed an underspend of £911k against budget. This can be correlated with the figures contained within the Movement in Reserves Statement on page 28 of the Statement of Accounts. The increase in Total Usable Reserves contained with the statement is £452k. This reflects the £911k moved to reserves at the end of the year less the £459k of reserves utilised during the year.

The statement also identifies that the Authority has a general fund balance of £1.5m, earmarked reserves of £3,652 equating to total usable reserves of £5.512m.

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 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’.

The Authority has fixed assets worth £57.885m primarily comprising of land and buildings, and vehicles.

Current assets are £4.878m and current liabilities £7.198m. The assets represent short term debtors of £3.045m, primarily other Local Authorities £1.895m, and cash and cash equivalents of £1.833m. Current liabilities reflect loan charges repayable within one year of £763k, provisions of £90k and other creditors including the government creditors of £991k, Local Authorities £1.550m, employee accumulated absences £785k, collection fund £630k, short term repayment of finance lease of £629k and general creditors of £1.760m.

The Balance Sheet identifies long term borrowing of £10.905m although, for the time being, revenue balances are being temporarily utilised to offset borrowing since income on balances is currently around 0.5%, while interest on long term borrowing remains at around 4.5%. This will help offset the impact in the current year of the fall in income on balances. The current total capital financing requirement is £23.325m (including PFI commitments).

Other long term liabilities are £408.356m. This primarily reflects future pension cash flows as calculated under IAS 19. It should be noted that these have dropped considerably from 2009/10. As at the 31st March 2011 the Authority had £5.152m of usable reserves and a deficit of unusable reserves of £372.788m.

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

The statement for 2010/11 for the Authority shows that a surplus of £27.353m was made on the provision of services. This total primarily reflects the reduction in pension liabilities associated with the Governments introduction of increasing pensions in line with CPI and not RPI.

The format of the second section of the CIES is very similar to the Statement of Recommended Gains and Losses (STRGL) under the previous SORP. The 2010/11 accounts contain a surplus of £6.405m primarily reflecting a surplus on the revaluation on some of the Authority’s properties and an actuarial gain on pension funds.

The total CIES shows a £33.758m surplus for the period and this figure is contained within the Movement in Reserves Statement.

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

In summary the Authority received surplus cash flows from operating activities by £4.5m, primarily due to the net surplus of grant received form the CLG for the pension fund received in the year. Investing cashflow's were £1.735m primarily representing investment in capital assets net of capital grants. Financing activities were £1.149m representing repayment of PFI contract obligation and long term debts.

The net increase in cash and cash equivalents was £1.667m for the year.

The Firefighter's Pension Fund Account and Net Assets Statement

It is unusual for an unfunded pension scheme such as the Firefighters' Scheme to have a fund, as it holds no assets that need to be ring-fenced. Instead the purpose of the Firefighters' Pension Fund is to provide a basis for identifying the balance of cash –based transactions taking place over the year and the arrangements needed to close the balance for that year. The primary objective is to allow the separation of the cost of providing pensions from the cost of running a fire and rescue service. For this reason the pension fund accounts are shown after the other financial statements. The net cost of the pensions in the year is met by a grant from the Department for Communities and Local Government.

Organisational Performance

The previous government set two national targets for Fire Authorities. These were:

- To reduce the number of accidental fire-related deaths in the home by 20%; and
- To reduce the number of deliberate fires by 10%

In addition the Authority set the following targets for 2010/11:-

Area	Target	Actual
Reduction in deliberate fires in vehicles	15%	21%
Reduction in deliberate secondary fires	15%	12%
Reduction in deliberate primary fires	15%	16%
Reduction in malicious false alarms	10%	8%
Reduction in accidental dwelling fires	5%	13%
Reduction in injuries arising from primary fires than in the previous year	>0%	12%

A comprehensive overview of the Authority's performance is contained within Appendix 2.

Financial Climate and Medium Term Financial Planning

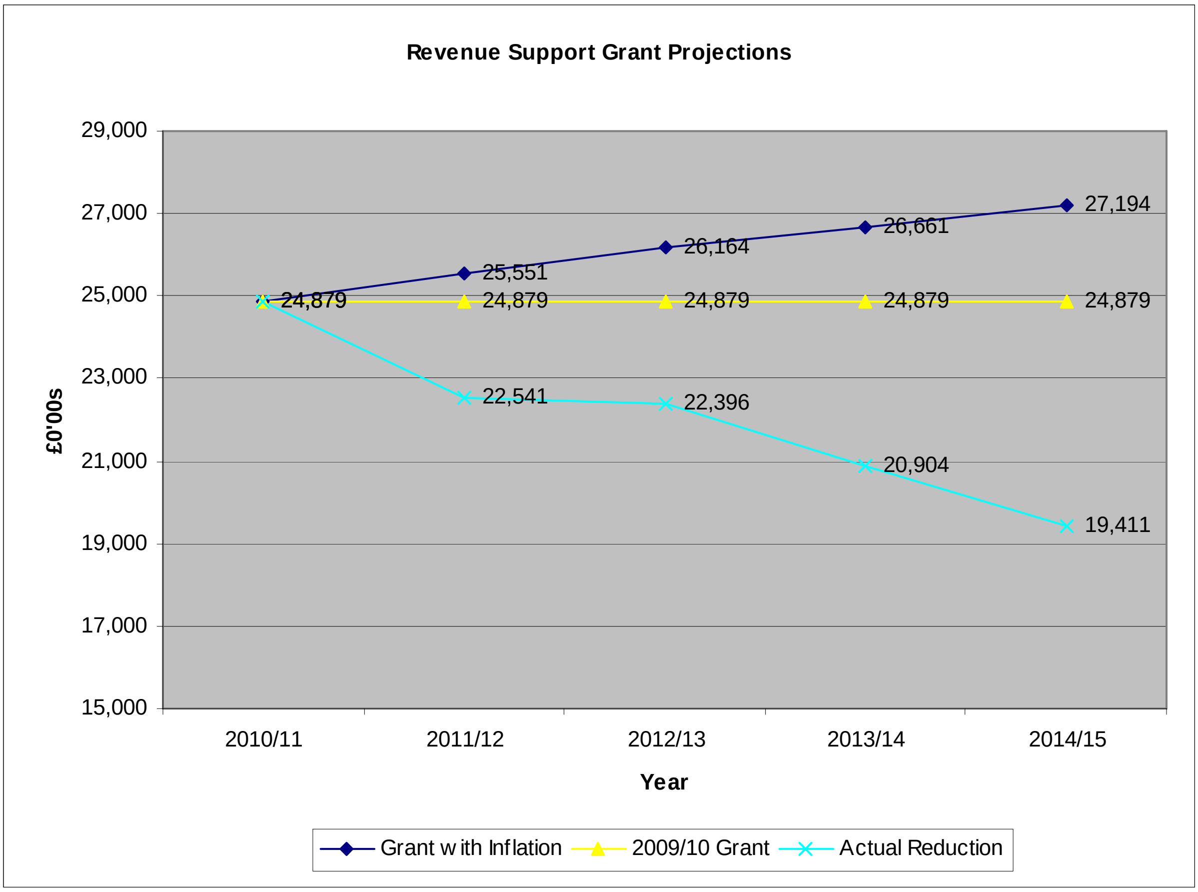
Future spending plans

Revenue

The Government set out it's funding proposals for the next four years in the comprehensive spending review (CSR) announced in October 2010. For Fire Authorities it has said that, over the next four years, it intends to reduce the amount of formula grant by 25% from the levels of grant in 2010/11. This reduction will be in real terms weighted, or 'back loaded' to the second half of the spending review period i.e. 2013/14 and 2014/15. At this stage the Government have only confirmed formula grant levels for 2011/12 and 2012/13 and these are as follows:

Formula Grant Allocations					
Year	Grant £m	Reduction £m	Reduction %	Contribution to the Floor £m	Floor Level
2011/12	22.541	2.338	9.40%	0.013	9.50%
2012/13	22.396	0.145	0.64%	0.294	3.40%

Based upon the proposed reduction of 25% in formula grant in real terms over the four year CSR period and the allocation of formula grant for the first two years that has been announced by the Government, the projected grant over this four year period is as follows:



This reduction in formula grant presents a significant challenge with the Authority's medium term financial plan identifying required cumulative savings in excess of £15m over the four year period 2011-15. The budget that the Authority has set for 2011/12 identifies the need to achieve savings of £1.8m after the use of reserves of £0.8m. Further savings of £1.1m, £1.2m (after use of reserves of £0.5m) and £2.2m have been identified for the following three years.

In order to ensure the required level of savings is achieved in line with the Corporate Strategy an approved change programme has been developed together with the following measures:

- establishment of a Budget Working Group which comprises Elected Members of Avon Fire Authority, the CFO/CE, the Treasurer, and the Clerk and Programme Director. This group provides additional scrutiny and direction to the change programme;
- establishment of a Change and Transformation team, the primary purpose of which is to coordinate and manage the change programme, ensuring progress is made against each initiative as directed by Avon Fire Authority in accordance with the Corporate Strategy;
- arrangements made for Bristol City Council to independently audit the progress on the programme in order to provide the necessary assurances;
- the creation of an Austerity reserve as at 31 March 2011 of £2.1m to allow the phasing in of required savings and the introduction of suitable spend to save schemes;
- establishment of clear priorities within the Corporate Strategy to provide guidance on the approach and priority to be given to items within the change programme.

Capital

A major change introduced by the Government for 2011/12 onwards was the removal of supported borrowing from the formula grant mechanism and the replacement of this with capital grant. For 2010/11 the Authority's supported borrowing approval was £1.1m with an additional capital grant allocation of £1.0m giving a spending power of £2.1m. For 2011/12 the Authority has been allocated capital grant from the Government of £1.5m a reduction of £0.6m in spending power over 2010/11. The estimated programme for 2011/12 is shown below:

Estimated Capital Programme 2011/12

Investment Area	2011/12 £'000
Premises	620
Operational Equipment	80
PPE	0
Fleet	1,690
IT	100
Slippage from 2010/11	1,590
Total	4,080
Funded by	
Supported borrowing	0
Reserves	0
Grant	1,490
Revenue Contribution to capital	300
Prudential Code	2,290
Total	4,080

The removal of supported borrowing from the grant mechanism will result in the level of borrowing shown on the Authority's balance sheet being reduced over a period of time as outstanding loans are repaid.

Medium Term Financial Strategy

The Medium Term Financial Strategy assesses how the Authority will manage its finances over the next 4 years. The stated objectives are:-

- To ensure the Authority's aims and objectives can be delivered
- To ensure commitments do not exceed forecast resources over the four year period
- To look for more efficient ways of delivering services
- To manage the resources available effectively and to ensure the budget is aligned with corporate objectives
- To ensure that Council Tax increases are not excessive
- To ensure the Authority maintains a realistic level of general reserves to meet unforeseen events

CO2 Emissions Report and Environmental Update

For the third year in succession our carbon emissions have fallen. The overall reduction from our baseline in 2008/9 is 4%, with emission reductions achieved in both our buildings and fleet operations.

Despite very cold winters in the last two years our energy consumption continues to fall following investment in our property including insulation works, replacement heating systems and lighting upgrades. This has delivered some significant improvements in energy efficiency; with half of our properties achieving a 5% or greater energy saving in the last 12 months.

Since our baseline year of 2008/9 new facilities including our Technical Services Centre, Urban Search and Rescue (USAR), Training facilities, extended and improved station accommodation have expanded our physical footprint without increasing our carbon footprint.

The Avon Fire & Rescue Service Carbon Management Plan (CMP) established a target of 30% CO2 reduction by March 2014 (represented by the blue line in the graph below). Projects and initiatives detailed in our CMP are predicted achieve a 26% reduction (the green line in the graph). Our emission performance to date is consistent with this forecast.

More details are contained in Appendix 1.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required:

to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Treasurer;

to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets;

to approve the statement of accounts.

The Treasurer's Responsibilities

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

In preparing this statement of accounts, the Treasurer has:

selected suitable accounting policies and then applied them consistently;

made judgements and estimates that were reasonable and prudent;

complied with the code of practice.

The Treasurer has also;

kept proper accounting records which were up to date;

taken reasonable steps for the prevention and detection of fraud and other irregularities.

The statement of accounts provides a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2011.

Signed

James Dack

James Dack
Treasurer
16th September 2011

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 purposes. The Net Increase / Decrease before Transfers to earmarked reserves line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

	Fund Balance £'000	Earmarked Fund Reserves £'000	**Total Usable reserves £'000**	Unusable Reserves £'000	**Total Authority Reserves £'000**
Balance at 31 March 2009	1,500	3,416	**4,916**	(256,230)	**(251,314)**
Movement in reserves during 2009/10					
Surplus or (deficit) on the provision of services	(11,326)	-	(11,326)	-	(11,326)
Other Comprehensive Income and Expenditure	(138,754)	-	(138,754)	-	(138,754)
Total Comprehensive Income and Expenditure	**(150,080)**	**0**	**(150,080)**	**0**	**(150,080)**
Adjustments between accounting basis & funding basis under regulations (note 9)	149,864	-	149,864	(149,864)	0
Net Increase / Decrease before Transfers to Earmarked Reserves	**(216)**	**0**	**(216)**	**(149,864)**	**(150,080)**
Transfers to/from earmarked Reserves (note 23)	216	(216)	0	0	0
Increase / Decrease in 2009/10	**0**	**(216)**	**(216)**	**(149,864)**	**(150,080)**
Balance at 31 March 2010 carried forward	**1,500**	**3,200**	**4,700**	**(406,094)**	**(401,394)**
Movement in reserves during 2010/11					
Surplus or (deficit) on the provision of services	27,353	0	27,353	0	27,353
Other Comprehensive Income and Expenditure	6,405	0	6,405	0	6,405
Total Comprehensive Income and Expenditure	**33,758**	**0**	**33,758**	**0**	**33,758**
Adjustments between accounting basis & funding basis under regulations (note 9)	(33,306)	-	(33,306)	33,306	0
Net Increase / Decrease before Transfers to Earmarked Reserves	**452**	**0**	**452**	**33,306**	**33,758**
Transfers to/from earmarked Reserves (note 23)	(452)	452	0	0	0
Increase / Decrease in 2010/11	**0**	**452**	**452**	**33,306**	**33,758**
Balance at 31 March 2011 carried forward	**1,500**	**3,652**	**5,152**	**(372,788)**	**(367,636)**

Balance Sheet as at 31 March 2011

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 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'.

1-Apr-09 £'000	31-Mar-10 £'000		Notes	31-Mar-11 £'000
		Property, Plant & Equipment	10	
44,788	44,382	- Land and Buildings		44,518
11,879	11,905	- Vehicles, Plant and Equipment		12,698
479	795	**Intangible assets**	10	669
57,146	**57,082**	**Long Term Assets**		**57,885**
5,662	4,558	Short Term Debtors	16	3,045
1,010	166	Cash and Cash Equivalents	17	1,833
6,672	**4,724**	**Current Assets**		**4,878**
(707)	(753)	Short Term Borrowing		(763)
(77)	(192)	Short-Term Provisions	22	(90)
(5,582)	(5,071)	Short Term Creditors	18	(6,345)
(6,366)	**(6,016)**	**Current Liabilities**		**(7,198)**
(19)	-	Long Term Creditors	19	-
(12,408)	(11,655)	Long term borrowing	20	(10,905)
		Other Long Term Liabilities		
(291,338)	(440,960)	Net Pensions Liability	26	(408,356)
(5,001)	(4,569)	Deferred Liability	4,14	(3,940)
(308,766)	**(457,184)**	**Long Term Liabilities**		**(423,201)**
(251,314)	**(401,394)**	**Net Assets**		**(367,636)**
4,916	4,700	Usable Reserves	23	5,152
(256,230)	(406,094)	Unusable Reserves	24	(372,788)
(251,314)	**(401,394)**	**Total Reserves**		**(367,636)**

Signed

Terry Walker

Terry Walker
Chair of the Avon Fire Authority
16th September 2011

James Dack

James Dack
Treasurer of the Avon Fire Authority
16th September 2011

Comprehensive Income and Expenditure Statement for the Year Ending 31 March 2011

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

2009/2010				2010/2011		
Restated Gross Expenditure £'000	Restated Gross Income £'000	Restated Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
7,540	(308)	7,232	Community fire safety	7,119	(321)	6,798
35,957	(2,285)	33,672	Fire fighting and rescue operations	42,430	(2,610)	39,820
186	(7)	179	Fire service emergency planning and civil defence	194	(4)	190
886	(10)	876	Corporate and democratic core	931	(8)	923
-	-	-	Non Distributed Cost (Pension Past Service Cost - note 26)	(47,452)	-	(47,452)
44,569	(2,610)	41,959	**Cost of Services**	**3,222**	**(2,943)**	**279**
		1	Other operating expenditure (note 29)			106
		21,754	Financing and investment income and expenditure (note 28)			24,390
		(52,388)	Taxation and non-specific grant income (note 27)			(52,128)
		11,326	**(Surplus) or Deficit on Provision of Services**			**(27,353)**
		(1,148)	(Surplus) or Deficit on revaluation of non-current assets			(2,153)
		139,902	Actuarial (Gains) / Losses on Pension Assets/ Liabilities			(4,252)
		138,754	**Other Comprehensive Income and Expenditure**			**(6,405)**
		150,080	**Total Comprehensive Income and Expenditure**			**(33,758)**

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 bet cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2009/2010 £'000		2010/2011 £'000
11,326	Net (surplus) or deficit on the provision of services	(27,353)
(12,620)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	23,958
(465)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(1,156)
(1,759)	Net cash flows from Operating Activities (note 32)	(4,551)
1,607	Investing Activities (note 33)	1,735
996	Financing Activities (note 34)	1,149
844	Net increase or decrease in cash and cash equivalents	(1,667)
(1,010)	Cash and cash equivalents at the beginning of the reporting period	(166)
(166)	**Cash and cash equivalents at the end of the reporting period (note 17)**	**(1,833)**

Notes to the Core Financial Statements

1. **Statement of Accounting Policies**

i General Principles

The Statement of Accounts summarises the Authority's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. The Authority is required to prepare an annual Statement of Accounts in accordance with the Accounts and Audit Regulations and be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11, supported by International Financial Reporting Standards (IFRS).

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

ii Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

iv Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

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

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

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

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

vi Charges to Revenue for Non-Current Assets

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

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

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

vii Employee Benefits

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

Termination Benefits

Termination benefits, whether they are a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, are charged on an accruals basis to the relevant service line (or in discontinued operations) in the Comprehensive Income and Expenditure Statement.

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

Post Employment Benefits

Employees of the Authority are divided between the 'Old' and 'New' Fire Fighters Pension Scheme for its uniformed firefighters and the Local Government Scheme for support staff and abated firefighters:

- The Fire Fighters Pension Schemes are administered by the Bath and North East Somerset Council in accordance with Department for Communities and Local Government (DCLG) regulations.
- The Local Government Pensions Scheme (called the Avon Pension Fund) is administered by Bath and North East Somerset Council.

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Authority.

The Fire Fighters Pension Scheme

This is an unfunded scheme. For such schemes, as there are no investment assets IAS 19 requires recognition and of the liability and pension reserve in the Balance Sheet and transactions in the Comprehensive Income and Expenditure account.

The Local Government Pension Scheme

The Avon Pension Fund is accounted for as a defined benefits scheme:

- The liabilities of the Avon Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using an appropriate discount rate based on the return for high quality corporate bonds.
- The assets of Avon Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
    - quoted securities – current bid price
    - unquoted securities – professional estimate
    - unitised securities – current bid price
    - property – market value.

- The change in the net pensions liability is analysed into seven components:
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
  - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
  - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
  - expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
  - gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve.
  - contributions paid to the Avon Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the Authority's Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Long Term Disability Benefit

In accordance with IPSAS 25 and the code, the Authority has rebutted the presumption to account for long-term disability benefit in the same way as other long-term benefits under IAS 19. The Authority considers that these could be both significant and volatile given the nature of the service provision and therefore accounts for them, under IAS 19, as defined post-employment benefits.

viii Events After the Balance Sheet Date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

ix Financial Instruments

Financial Liabilities

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

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

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.
    - Receivables are measured at fair value and carried at their amortise cost
    - There are no material loans which require separate classification and accounting treatment
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.
    - There are no available for sale assets which require separate classification and accounting treatment

x Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and

- the grants or contributions will be received.

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

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

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

xi Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the Authority’s Fund Balance. The gains and losses are therefore reversed out of the Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for sale proceeds) the Capital Receipts Reserve.

xii Inventories

The Authority does not maintain separate stock accounts and treats all stock purchases as revenue expenditure incurred during the year. This is justified due to the policy of maintaining stock levels at a minimum and the high stock turnover

xviii Leases

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

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

<u>The Authority as Lessee</u>

Finance Leases

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

Lease payments are apportioned between:

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

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

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

xiv 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 *Best Value Accounting Code of Practice 2010/11* (BVACOP). 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 multi-functional, democratic organisation.
- Non-Distributed Costs – the cost of discretionary benefits awarded to employees retiring early.

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

The support service costs charged or apportioned to service heads comprise legal, personnel, financial, property-related services, IT, equalities and administrative buildings. There are a variety of methods used for the apportionment of support service costs which include allocated charges, apportioned charges based on service users full time equivalent staff or total budget and by reference to floor areas used. The bases of apportionment used are applied consistently to all service heads to which apportionments are made.

xv. Property, Plant and Equipment

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

Recognition

Assets costing individually or collectively less than £5,000 are classed as de-minimus and are not capitalised. The expenditure is charged direct to the appropriate service line.

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

Measurement

Assets are initially measured at cost, comprising:

- the purchase price.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure and community assets – depreciated historical cost.
- operational land and properties and other operational assets – lower of net current replacement costs or net realisable value
- vehicles, plant and equipment – depreciated replacement cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end and as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

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

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

Impairment

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

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

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets)

For all assets with a finite life, depreciation is calculated on a straight-line basis over the assessed useful life of the asset.

Where a Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

Disposals

When an asset is disposed of, or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £5,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xvi Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor.

Under the Joint Training PFI Scheme the Authority is deemed to control, along with the other partners, the services that are provided under the PFI scheme, and neither the Authority, other partners, nor the Service Provider, retains any residual interest in the property at the end of the 25 year service period. For these reasons the Authority carries it's share of the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current 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 operator each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- lifecycle replacement costs – recognised as non-current assets on the balance sheet.

The Government provides some revenue support to the project in the form of grants (PFI credits) and the three authorities fund the balance by making contributions from within their own resources.

The grant from the Government, together with the contributions from the partners is paid into an equalisation fund, which is administered by Gloucestershire County Council on behalf of the partners. Surpluses on the equalisation fund are invested in order to ensure that adequate funding throughout the life of the contract is available. The fund is reviewed, and if necessary, contributions amended every three to five years with the intention that the balance of the fund at the end of the contract will be nil.

xvii Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xviii Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the

Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

xix VAT

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

2.

a. Critical Judgements in Applying Accounting Policies

In applying the policies set out in the Statement of Accounting Policies, the Authority has to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgement made in the Statement of Accounts was:

- There is a high degree of uncertainty about future Government support for local government generally and fire services in particular. However, the Authority has determined that there is as yet insufficient evidence to show that its assets may be impaired by any anticipated need to scale back service provision.

b. Assumptions made about the future and other sources of estimation uncertainty

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

The items in the Authority's Balance Sheet at 31 March 2011 for which there is a risk of adjustment in the forthcoming financial year are as follows:

- The actuary has provided an assessment of the effect of changes in the assumptions used in estimating pension assets and liabilities included in the accounts according to the requirements of IAS 19, as reported in note 26.

3. External Audit Fees

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

2009/2010 £'000			2010/2011 £'000
77	Fees payable with regard to external audit services carried out by the appointed auditor	*	80
3	Fees payable in respect of other services provided by the appointed auditor		1

***** This figure includes £10k for work, undertaken and invoiced in 2010/11, that related to the 2009/10 financial statements.

4. **Undischarged obligations – Private Finance Initiative (PFI) scheme (Joint Training Centre)**

As set out in the Accounting policies, under a joint PFI venture, the Authority now receive a significant element of their fire training from VT Fire Training (Avonmouth) Ltd., a company contracted to provide the training until 31st March 2028. The training is supplied at the Joint Fire Training Centre, Avonmouth, a facility that the service provider designed, built, financed and now operates (DBFO) under the PFI contract.

The Authority's share (50%) of the annual net contract payments paid during the year together with the estimated amounts payable over the remaining 17 years of the joint venture are as follows:

2009/2010 £'000		Service Charge	Interest	Repayment of Liability	Total 2010/2011 £'000
1,178	Total contract payments made	729	381	106	1,216
	Outstanding undischarged contract obligations:-				
1,216	Within 1 year	747	380	100	1,227
4,906	Between 2 and 5 years	3,179	1,524	336	5,039
7,158	Between 6 and 10 years	4,437	2,035	867	7,339
8,078	Between 11 and 15	5,014	1,959	1,322	8,295
5,346	Over 16 years	2,184	710	699	3,593

Gloucestershire County Council administers an Equalisation Fund, relating to the project, on behalf of the partners. The fund balance, attributable to the Authority, at the end of each financial year is recognised within the balance sheet. At 31st March 2011 a surplus of £1.78 million (£1.75 million at 31.3.10) was attributable to Avon and this has been shown as a reserve within the balance sheet with a corresponding debtor against Gloucestershire County Council.

Current projections, using existing indices and interest rates predict a shortfall at the end of the period of around £2.3m (50% of which would be attributable to the Authority). Funding options are currently being considered, in accordance with the normal review process. It is likely that future contributions will need to be increased from 2012/2013 to cover this.

Details of the asset held under the Private Finance Initiative and accounted for as part of Non-Current Assets is as follows:

	Property, Plant & Equipment £'000
Certified valuation at 31 March 2009	4,320
Accumulated depreciation and impairment	(1,029)
Net book value of asset at 31 March 2009	3,291
Movement in 2009/10	
Revaluations	667
Depreciation	(208)
Net book value of asset at 31 March 2010	3,750
Certified valuation at 31 March 2010	4,987
Accumulated depreciation and impairment	(1,237)
Net book value of asset at 31 March 2010	3,750
Movement in 2010/11	
Depreciation	(208)
Impairments	-
Net book value of asset at 31 March 2011	3,542
Finance Lease Liability Repaid in 09/10	90
Finance Lease Liability Repaid in 10/11	106
Finance Lease Liability o/s at 31 March 2009	3,519
Finance Lease Liability o/s at 31 March 2010	3,429
Finance Lease Liability o/s at 31 March 2011	3,323

5. Members' Allowances

In accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) the totals sums paid by Avon Fire Authority to members/co-optees under the Avon Fire Authority Members Allowances Scheme 2009 in the period 1 April 2010 to 31 March 2011 are set out below. The summary of allowances, which have been paid under this scheme are as follows:

2009/2010 £'000		2010/2011 £'000
50	Allowances	52
1	Travel and subsistence expenses	2
51	**Total**	**54**

A detailed list of individual payments can be seen on the next page:

A copy of the Members' Allowances Scheme and of the record of payments made under the scheme are available for inspection at Service Headquarters, Temple Back, Bristol BS1 6EU between 8.30am and 4.30pm Monday to Friday (excluding public holidays).

2009/2010 £	Recipient	Basic Allowance	Special Responsibility Allowance	Travelling & Subsistence Allowance	Cooptees Allowance	2010/2011 £
3,582	Councillor P Abraham	1,453	2,569	1,086	-	5,108
-	Councillor L Alexander	1,226	-	-	-	1,226
1,530	Councillor C Barrett	1,453	-	238	-	1,691
1,435	Councillor N Barrett	1,453	-	-	-	1,453
961	Councillor S Brown	1,453	-	-	-	1,453
-	Councillor J Clark	965	-	-	-	965
1,435	Councillor M Cole	1,453	-	-	-	1,453
1,435	Councillor S Comer	1,453	-	-	-	1,453
3,191	Councillor S Cook	1,453	1,756	-	-	3,209
1,435	Councillor K Cranney	1,453	-	-	-	1,453
1,435	Councillor S Crew	121	-	-	-	121
3,191	Councillor G Curran	1,453	1,756	-	-	3,209
1,435	Councillor K Dando	1,453	-	-	-	1,453
-	Councillor C Davies	1,453	-	-	-	1,453
1,435	Councillor M Drew	1,453	-	-	-	1,453
1,486	Councillor H Gregor	1,453	-	-	-	1,453
961	Councillor B Hugill	1,453	-	-	-	1,453
1,435	Councillor T Kent	483	-	-	-	483
961	Councillor M Kerry	241	-	-	-	241
1,435	Councillor D Kitson	241	-	-	-	241
1,499	Councillor S McGall	1,453	-	77	-	1,530
1,435	Councillor A Murphy	241	-	-	-	241
1,230	Councillor A Patel	1,453	-	-	-	1,453
-	Councillor D Pickup	1,453	-	-	-	1,453
1,207	Councillor I Porter	1,453	-	-	-	1,453
1,435	Councillor H Roberts	1,453	-	-	-	1,453
9,929	Councillor T Walker	1,453	8,601	-	-	10,054
1,562	Councillor R Willis	1,453	-	114	-	1,567
-	Councillor M Wollacott	1,453	-	-	-	1,453
1,435	Councillor G Wood	1,453	-	-	-	1,453
474	Councillor R Stone	-	-	-	-	0
339	Councillor T Marter	-	-	-	-	0
474	Councillor J Lovell	-	-	-	-	0
239	Councillor S Edwards	-	-	-	-	0
474	Councillor R Griffey	-	-	-	-	0
240	Mr C Williams	-	-	10	242	252
120	Mr J Fisk	-	-	-	-	0
120	Ms P Roberts	-	-	-	240	240
-	Mr W Hendy	-	-	-	120	120
50,990	**Total**	**36,937**	**14,682**	**1,525**	**602**	**53,746**

6. **Employees Remuneration**

The Authority is required, by the Accounts and Audit Regulations 2003 (as amended 2009) to disclose the number of employees whose remuneration, excluding employer pension contributions, was £50,000 or more in bands of £5,000 (previous regulations required bands of £10,000) and this information is set out in the following table – staff included in the senior officer remuneration table (note 7) are not included in this table:

2009/2010 No. of Employees	Remuneration Band	2010/2011 No. of Employees
8	£50,000 - £54,999	9
6	£55,000 - £59,999	6
2	£60,000 - £64,999	2
2	£65,000 - £69,999	2
1	£90,000 - £94,999	-

7. **Senior Officer Remuneration**

Under amended regulations, the Authority is required to disclose individual remuneration details for senior employees. Senior employees are defined as those employees who have a role in the overall management of the organisation. For the Authority, it is deemed that this applies to the Service Management Board (SMB) and the other statutory officer – the Monitoring Officer.

Details of their remuneration are shown in the following table.

Post Holder		Salary Incl. Fees & Allowances	Benefits in Kind	Pension Contributions	Total Remuneration Including Pension Contributions
		£	£	£	£
Chief Executive - K Pearson	2010/11	167,097	-	23,589	190,686
	2009/10	166,121	-	15,320	181,441
Deputy Chief Fire Officer	2010/11	144,115	311	30,697	175,123
	2009/10	141,064	-	30,047	171,111
Assistant Chief Fire Officer - Risk Reduction	2010/11	125,323	-	26,694	152,017
	2009/10	124,515	24,537	26,512	175,564
Assistant Chief Fire Officer - Operations Response - Left Feb 10	2010/11	-	-	-	0
	2009/10	111,042	400	23,652	135,094
Assistant Chief Fire Officer - Operations Response - From Feb 10	2010/11	125,323	524	26,694	152,541
	2009/10	19,639	718	4,183	24,540
Director of Finance and Asset Management and Treasurer - note1	2010/11	82,713	5,842	12,738	101,293
	2009/10	82,150	4,479	12,651	99,280
Treasurer - Left July 09	2010/11	-	-	-	0
	2009/10	12,604	-	1,941	14,545
Director of HR & People Development	2010/11	82,713	2,946	12,738	98,397
	2009/10	82,150	2,585	12,651	97,386
Assistant Chief Officer Corporate Services	2010/11	82,713	4,422	12,738	99,873
	2009/10	82,150	3,579	12,651	98,380
Monitoring Officer	2010/11	62,391	62	9,608	72,061
	2009/10	63,101	112	9,718	72,931
Total 2010/11		872,388	14,107	155,496	1,041,991
Total 2009/10		884,536	36,410	149,326	1,070,272

1.Director of Finance and Asset Management took on Treasurer role from July 2009

8. Related Party Transactions

The Code of Practice requires disclosure of material transactions with 'related parties' – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. For 2010/2011 the appropriate items are as follows:

- 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 (Revenue Support Grant and other specific grants) and redistributed non-domestic rates – (£25,856k).

- Members of the Authority have direct control over the Authority's financial and operating policies. They have been asked to provide information regarding related party transactions and from the information received it is believed that there have been no significant transactions during the year.

- Officers of the Authority have been asked to provide information regarding related party transactions and from the information received it is believed that there have been no significant transactions during the year.

- Other local authorities:

  - Bristol City Council as a billing Authority responsible for collecting council tax on behalf of the Fire Authority for its area - (£8,043k) and as a provider of financial services to the Fire Authority – amount including the cost of servicing existing debt (£1,527k).

  - Bath & North East Somerset as a billing Authority responsible for collecting council tax on behalf of the Fire Authority for its area - (£3,898k) and as the Authority responsible for administering the Avon Pension Fund, with contributions paid over in respect of Fire Authority employees and payments in respect of the fire fighters pension scheme – (£13,569k)

  - North Somerset (£4,760k) and South Gloucestershire (£5,505) as billing authorities responsible for collecting council tax on behalf of the Fire Authority for their areas

- Other public bodies:

  - HM Revenue & Customs as a significant element of the Fire Authority's expenditure relates to payments for PAYE, National Insurance and VAT - (£6,962k).

9. Adjustments between Accounting Basis & Funding Basis under regulations

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

2010/11	Fund balance £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account		
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	3,688	(3,688)
Revaluation Gain in Property, Plant & Equipment	(2,153)	2,153
Capital Grants and contributions applied	(975)	975
Amortisation of intangible assets	181	(181)
Write Back of Finance Lease Liability re Purchased Assets	85	(85)
Profit/Loss on sale of non- current assets	21	(21)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement		
Capital expenditure charged against Fund balance	(431)	431
Statutory Provision for the Repayment of Debt - MRP	(740)	740
Statutory Repayment of Debt - Finance Lease	(67)	67
Statutory Repayment of Debt - PFI	(105)	105
Voluntary Provision above MRP	(270)	270
Adjustments primarily involving the Pensions Reserve		
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 26)	(18,022)	18,022
Actuarial Gains or Losses on Pension Assets and Liabilities	(4,252)	4,252
Employers pensions contributions and direct payments	(10,330)	10,330
Adjustments primarily involving the Collection Fund Adjustment Account		
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 stautory requirements	65	(65)
Adjustments primarily involving the Equalisation Fund		
Surplus and Interest on Equalisation Fund	(28)	28
Adjustments primarily involving the Accumulated Abscences Account		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration	27	(27)
Total Adjustments	**(33,306)**	**33,306**

2009/2010 Comparative Figures	Fund balance £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account		
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	3,687	(3,687)
Revaluation Gain in Property, Plant & Equipment	(1,148)	1,148
Capital Grants and contributions applied	(789)	789
Amortisation of intangible assets	130	(130)
Profit/Loss on sale of non- current assets	1	(1)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement		
Capital expenditure charged against Fund balance	(191)	191
Statutory Provision for the Repayment of Debt - MRP	(707)	707
Statutory Repayment of Debt - Finance Lease	(86)	86
Statutory Repayment of Debt - PFI	(90)	90
Voluntary Provision above MRP	(330)	330
Adjustments primarily involving the Pensions Reserve		
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 26)	21,248	(21,248)
Actuarial Gains or Losses on Pension Assets and Liabilities	139,903	(139,903)
Employers pensions contributions and direct payments	(11,529)	11,529
Adjustments primarily involving the Collection Fund Adjustment Account		
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 stautory requirements	54	(54)
Adjustments primarily involving the Equalisation Fund		
Surplus and Interest on Equalisation Fund	(62)	62
Adjustments primarily involving the Accumulated Abscences Account		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(227)	227
Total Adjustments	**149,864**	**(149,864)**

10. **Summary of Capital Expenditure and Non-Current Asset Disposals**

Tangible Non-Current Assets

Movements in tangible non-current assets during the year are as follows:

Operational Assets	2010/2011 Land & Buildings £'000	Vehicles & Equipment £'000	**Total £'000**
Cost or Valuation			
1 April 2010	48,323	28,316	**76,639**
Additions	1,059	1,602	**2,661**
Disposals	-	(2,880)	**(2,880)**
Revaluations	5,255	189	**5,444**
31 March 2011	**54,637**	**27,227**	**81,864**
Depreciation and impairments			
1 April 2010	(3,941)	(16,411)	**(20,352)**
Charge for year	(1,548)	(1,590)	**(3,138)**
Disposals	-	2,509	**2,509**
Revaluations	(4,631)	964	**(3,667)**
31 March 2011	**(10,120)**	**(14,528)**	**(24,648)**
Net book value of assets at 31 March 2010	**44,382**	**11,905**	**56,287**
Net book value of assets at 31 March 2011	**44,517**	**12,699**	**57,216**

Operational Assets	2009/2010 Land & Buildings £'000	Vehicles & Equipment £'000	**Total £'000**
Cost or Valuation			
1 April 2009	47,245	18,158	**65,403**
Additions	841	1,232	**2,073**
Disposals	-	(89)	**(89)**
Revaluations	237	9,015	**9,252**
31 March 2010	**48,323**	**28,316**	**76,639**
Depreciation and impairments			
1 April 2009	(2,458)	(6,279)	**(8,737)**
Charge for year	(1,897)	(1,616)	**(3,513)**
Disposals	-	88	**88**
Revaluations	414	(8,604)	**(8,190)**
31 March 2010	**(3,941)**	**(16,411)**	**(20,352)**
Net book value of assets at 31 March 2009	**44,787**	**11,879**	**56,666**
Net book value of assets at 31 March 2010	**44,382**	**11,905**	**56,287**

Intangible Non-Current Assets

Movements in intangible non-current assets during the year are as follows:

Intangible Assets	2010/2011 Purchased software licences £'000
Original Cost	
1 April 2010	968
Additions	55
Disposals	-
Revaluations	-
31 March 2011	**1,023**
Amortisation and impairments	
1 April 2010	**(173)**
Charge for year	(181)
Disposals	-
Revaluations	-
31 March 2011	**(354)**
Net book value of assets at 31 March 2010	**795**
Net book value of assets at 31 March 2011	**669**

Intangible Assets	2009/2010 Purchased software licences £'000
Original Cost	
1 April 2009	522
Additions	446
31 March 2010	**968**
Amortisation and impairments	
1 April 2009	(43)
Charge for year	(130)
31 March 2010	**(173)**
Net book value of assets at 31 March 2009	**479**
Net book value of assets at 31 March 2010	**795**

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £181k charged to revenue in 2010/11 was attributed to Community Fire Safety (£14k), Fire Fighting and Rescue Operations (£164k), Fire Service Emergency Planning and Civil Defence (£1k) and Corporate Democratic Core (£2k).

11. Capital Expenditure and Sources of Finance

The Fire Authority determines its level of borrowing in accordance with the Prudential Code issued by CIPFA (subject to longstop controls). The Prudential Code requires the Fire Authority to ensure that its capital investment plans are affordable, prudent and sustainable.

One of the prudential indicators, which relates to affordability, is the capital financing requirement, this indicates the underlying need to borrow for capital purposes.

The table below shows how capital expenditure during the year has been financed (including the value of assets acquired under finance leases and the PFI contract), the sources of that finance and how this relates to the movement in the capital financing requirement during the year. The underlying need to borrow for capital purposes has also been analysed between borrowing supported by Government financial assistance and that which is not supported. The borrowing which is not supported, relates to borrowing which the Authority has determined as prudent under the new prudential system.

2009/2010 £'000		2010/2011 £'000
22,875	Opening Capital Financing Requirement	23,288
	Capital Investment	
2,160	Property Plant and Equipment	2,661
446	Intangible assets	55
	Sources of finance	
-	Capital Receipts	(7)
(789)	Government grants and other contributions	(975)
(1,404)	Revenue Provision	(1,697)
23,288	Closing Capital Financing Requirement	23,325
	Explanation of movements in year	
803	Increase in underlying need to borrow (supported by Government financial assistance)	808
(484)	Increase in underlying need to borrow (unsupported by Government financial assistance)	(687)
94	Assets acquired under finance leases	-
413	Increase/ (decrease) in Capital Financing Requirement	121

12. Capital Financing - Minimum Revenue Provision

The Authority is required by regulations, issued under the provisions of the Prudential Code, to make “prudent provision” for the redemption of debt. Whilst the term “prudent provision” is not defined in the regulations separate guidance has been issued on the interpretation of this term and the Authority has a legal obligation to comply with this.

For debt incurred prior to the 1 April 2008 the Authority has opted to continue to use the “Regulatory Method” to calculate its Minimum Revenue Provision (MRP) as permitted under the guidance. Therefore, the amount required to be set aside is 4% of the Authority’s Capital Financing Requirement.

For any borrowing, made under the provisions of the Prudential Code, after the 1 April 2008 the Authority is required to repay this debt over the life of the assets that it is being utilised to fund. The balance of outstanding Prudential borrowing taken after 1 April 2008 will be deducted from the Authority’s Capital Financing Requirement to allow the Minimum Revenue Provision of 4% to be calculated. The repayment of prudential borrowing based on the life of the assets will then be added to this figure to arrive at the total MRP amount required to be set aside for the repayment of debt each year.

The calculation of the authorities Capital Finance Requirement and its MRP is as follows:

2009/2010 £’000		2010/2011 £’000
	Capital Financing Requirement as at 1 April:	
57,146	Fixed assets	57,082
(2,888)	Revaluation Reserve	(3,499)
(31,383)	Capital Adjustment Account	(30,295)
22,875	Capital Financing Requirement	**23,288**
(165)	Adjustment Factor A	(165)
22,710	Adjusted Capital Financing Requirement	**23,123**
883	MRP	912
330	Finance Leases -Voluntary MRP Contributions	270

13. Information on Assets held

An analysis of the principal tangible assets owned by the Authority (including those acquired under finance lease and PFI) is as follows:

Number as at 31/03/2010		Number as at 31/03/2011
	Land and buildings	
1	Joint Training Centre (Part owned - PFI)	1
23	Fire Stations etc	23
1	Service HQ	1
1	Command and Control Centre	1
1	Emergency Control	1
1	Technical Centre	1
1	Hot Fire Training Centre	1
1	USAR Centre	1
1	Fire House	1
	Vehicles and Equipment	
79	Operational Vehicles	82
89	Ancillary Vehicles	86
24	Compressors	24
26	Trailers etc	26

14. Assets held under finance leases

The Authority has acquired vehicles for operational purposes under finance leases. The rentals payable under these arrangements are identified below together with an analysis of the amounts which have been charged to the Comprehensive Income and Expenditure Statement during the year.

2009/2010 Vehicles & Equipment £'000		2010/2011 Vehicles & Equipment £'000
500	Total rentals paid	398
	Analysis of charges in the Financial Statements	
84	Finance Charge - (Comprehensive Income and Expenditure Statement)	62
416	MRP (including voluntary contributions) - (Movement in Reserves Statement)	336

As set out in the accounting policies, where the Authority enters into finance leases, it makes voluntary MRP contributions over and above the minimum 4% required in order to equate the contributions to MRP with the profile of payments made to discharge the liability over the term of the lease.

Details of the assets held under finance leases and accounted for as part of Property, Plant and Equipment, are as follows:

	Vehicles & Equipment £'000
Certified valuation at 31 March 2010	8,374
Accumulated depreciation and impairment	(4,914)
Net book value of assets at 31 March 2010	**3,460**
Movement in 2010/11	
Additions	-
Disposals	(350)
Revaluations	(93)
Depreciation	(487)
Impairments	-
Net book value of assets at 31 March 2011	**2,530**

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the asset acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts.

2009/2010 £'000		2010/2011 £'000
	Finance Lease Liabilities	
421	Current	530
1,246	Non-Current	716
1,667		1,246
157	Finance Costs Payable in Future Years	95
1,824	Minimum Lease Payments	1,341

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31-Mar-11 £,000	31-Mar-10 £,000	31-Mar-11 £,000	31-Mar-10 £,000
Not Later than one year	565	483	530	421
Later than one year and not later than five years	776	1,341	716	1,246
	1,341	1,824	1,246	1,667

15. Non-Current Asset Valuation

A full valuation of the freehold properties, which comprise the Authority's property portfolio, was carried out by external valuers, DTZ, in March 2010. The valuations were carried out in accordance with the Practice Statements and Guidance Notes of the Appraisal and Valuation Manual prepared by the Royal Institution of Chartered Surveyors (RICS).

Where appropriate the Authority’s properties have been valued on the basis of open market value for existing use. However, the nature of the Authority’s portfolio in terms of design, configuration and location, e.g. fire stations, has meant that the depreciated replacement cost approach has been considered more appropriate for the majority of its premises.

The code requires assets carried at fair value to have a valuation at least every five years as a minimum, but these should be revalued more regularly if a five yearly valuation would be insufficient to reflect material changes in value. Where there has been no material change the Authority has chosen to carry out the valuation of its properties on a five year rolling basis. During March 2011 seven of the Authority’s properties were revalued by external valuers, DTZ, in accordance with appropriate Practice Statements and United Kingdom Practice Statements contained within the RICS Valuation Standards.

In accordance with relevant code of practice these properties have been identified into the following separate components for valuation purposes:

- Land
- Substructure and Superstructure
- Finishes, Fixtures and Fittings
- Services
- External Works
- Training Towers.

Vehicles, plant and equipment have been valued on the basis of depreciated replacement cost.

The finite useful life of the Authority's assets on which depreciation has been provided are estimated as follows:

	Years
Buildings	10-25
Fire Appliances	8-17
Other Vehicles	6-10
Compressors	6
Trailers etc	5-12
Communication equipment	12
Computer equipment	5
Other equipment	3-15

Intangible Assets are amortised on a straight-line basis over 5 years.

16. Debtors

An analysis of debtors, amounts due in less than 1 year, is shown in the table below:

01/04/09 £'000	31/03/2010 £'000		31/03/2011 £'000
3,127	1,683	Central Government Bodies	11
-	-	NHS	10
1,769	1,858	Other local authorities	1,895
766	1,017	Other entities and individuals	1,129
5,662	4,558		3,045

17. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements. The Authority does not hold any short-term deposits:

01/04/2009 £'000	31/03/2010 £'000		31/03/2011 £'000
14	10	Cash held by the Authority - Imprests	10
996	156	Bank Current Accounts	1,823
1,010	166		1,833

18. Creditors

An analysis of creditors, amounts due in less than 1 year, is shown in the table below:

01/04/2009 £'000	31/03/2010 £'000		31/03/2011 £'000
(37)	(14)	Central Government Bodies	(991)
(2,182)	(2,317)	Other local authorities	(1,549)
(3,363)	(2,740)	Other entities and individuals	(3,805)
(5,582)	(5,071)		(6,345)

19. Creditors – Amounts due over 1 year

01/04/2009 £'000	31/03/2010 £'000		31/03/2011 £'000
(19)	-	Central Government Bodies	-
(19)	0		0

20. Analysis of Borrowing

The loans outstanding have been raised through Bristol City Council. Loans repayable during 2011/2012 are shown as short term borrowing in the Balance Sheet. The maturity of long-term loans is as follows:

01/04/2009 £'000	31/03/2010 £'000		31/03/2011 £'000
679	713	Between 1 and 2 years	732
1,878	1,973	Between 2 and 5 years	2,025
2,661	2,796	Between 5 and 10 years	2,870
7,190	6,173	Over 10 years	5,278
12,408	11,655	Total long term borrowing at 31 March 2011 (2009,2010)	10,905

21. 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 March 2010 £'000	31 March 2011 £'000	31 March 2010 **£'000**	31 March 2011 £'000
Financial Liabilities at amortised cost	(11,665)	(10,905)	(5,287)	(6,478)
Total borrowings	**(11,665)**	**(10,905)**	**(5,287)**	**(6,478)**
Loans and receivables	-	-	4,152	4,321
Total debtors	**0**	**0**	**4,152**	**4,321**

Financial Instruments Gains/Losses

The Gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

2010/2011	Financial Liabilities Liabilities measured at amortised costs £'000	Financial Assets Loans & Receivables £'000	Total £'000
Interest expense	(1,055)	-	(1,055)
Interest payable and similar charges	**(1,055)**	**0**	**(1,055)**
Interest income	-	24	24
Interest and Investment Income	**0**	**24**	**24**
Net Gain / (loss) for the year	**(1,055)**	**24**	**(1,031)**

Fair Values

Financial Liabilities and Financial Assets represented by loans and receivables are carried on the balance sheet at amortised costs. The fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from local authorities, premature repayments rates from the Public Works Loan Board (PWLB) have been applied to provide the fair value under PWLB debt redemption procedures:
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Financial Liabilities

	31 March 2010 Carrying Amount £'000	31 March 2010 Fair Value £'000	31 March 2011 Carrying Amount **£'000**	31 March 2011 Fair Value **£'000**
Loan Debt				
Local Authority	(12,408)	(13,091)	(11,668)	(12,719)
Total debt	**(12,408)**	**(13,091)**	**(11,668)**	**(12,719)**
Trade and other creditors	(4,544)	(4,544)	(5,716)	(5,716)
Total Financial Liabilities	**(16,952)**	**(17,635)**	**(17,384)**	**(18,435)**

The fair value is greater than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

Loans and receivables

	31 March 2010 Carrying Amount £'000	31 March 2010 Fair Value £'000	31 March 2011 Carrying Amount **£'000**	31 March 2011 Fair Value £'000
Loans and Investments				
Bank and cash	166	166	1,833	1,833
Total debt	**166**	**166**	**1,833**	**1,833**
Trade and other debtors	3,986	3,986	2,488	2,488
Total Loans and Receivables	**4,152**	**4,152**	**4,321**	**4,321**

Nature and Extent of Risk Arising from Financial Instruments and How the Authority Manages those Risks

Key Risks

The Authority's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority;
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates movements.

Overall Procedures for Managing Risk

The Authority's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the *Local Government Act 2003* and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
  - The Authority's overall borrowing;
  - Its maximum and minimum exposures to fixed and variable rates;
  - Its maximum and minimum exposures the maturity structure of its debt;
  - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These are required to be reported and approved at or before the Authority's annual budget and Council Tax setting. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported annually to Members.

These policies are implemented by Bristol City Council under the terms of a Financial Services contract. The Authority maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

The Authority's treasury portfolio is not of a significant size to provide significant treasury risk.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default assessed by the ratings agencies and the Authority's experience of its customer collection levels over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2011 £'000	Historical experience of default %	Adjustments for market conditions at 31 March 2011 %	Estimated maximum exposure to default £'000
Other counterparties - Local Authorities	1,895	0.0%	0.0%	0
Other counterparties - NHS	11	0.0%	0.0%	0
Other counterparties - Central Government	11	0.0%	0.0%	0
Council Tax Payers	1,002	0.0%	42.5%	426
Trade and other debtors	572	0.0%	2.9%	17
	3,491			**443**

No breaches of the Authority's counterparty criteria occurred during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Authority does not generally allow credit for its trade debtors. An analysis of debtors at the year-end has been carried out and a bad debt provision of £17k has been created to cover the risk of default.

An allowance for doubtful debts is created by each Billing Authority against their council tax outstanding debts. The total proportion for the Fire Authority from all four authorities is £426k.

Liquidity risk

The Authority's Treasury Management function is managed by Bristol City Council under a Financial Services contract. Bristol City Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need. There is therefore no significant risk that the Authority will be unable to raise finance to meet its commitments under financial instruments.

The Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well through cash flow management procedures, undertaken on its behalf by Bristol City Council, required by the Code of Practice.

Refinancing and Maturity Risk

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved treasury and investment strategies address the main risks and Bristol City Council manage the operational risks within the approved parameters.

The maturity analysis of financial liabilities is as follows:

2010/2011	£'000
Less than one year	(6,478)
Between 1 and 2 years	(732)
Between 2 and 5 years	(2,025)
More than 5 years	(8,148)
	(17,383)

The maturity analysis of financial assets is as follows:

2010/2011	£'000
Less than one year	5,322

Market risk

Interest rate risk – In normal circumstances the Authority would have minor exposure to interest rate movements. However, in the current financial climate the massive drop in rates could not have been foreseen. The Authority has made efforts to mitigate this by utilising balances to offset borrowing in the short term.

Additionally, within its medium term financial plan, some provision has been made for this eventuality in the current year.

Overall long term borrowing rates have also fallen which is expected to have favourable longer term effects.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the Fund Balance, subject to influences from Government grants.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy, compiled in conjunction with Bristol City Council, draws together the Authority's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. Bristol City Council, on behalf of the Authority, monitors the market and forecast interest rates within the year to adjust exposures appropriately.

If all interest rates had been 1% higher with all other variables held constant the financial effect would be:

2010/2011	£'000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	59
costs	-
Impact on Surplus or Deficit on the Provision of Services	**59**
Decrease in fair value of fixed rate investment assets	-
Impact on Other Comprehensive Income and Expenditure	**0**
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(689)

As interest rates are so low due to the current financial climate a 1% fall in rates is not possible as the average rate for 2010/11 was only 0.41%. The maximum impact could only be the interest received in the year of £24k. The approximate impact of a 1% fall in interest rates on the fixed rate borrowing liabilities would be:

2010/2011	£'000
Increase in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	3,195

These assumptions are based on the same methodology as used in the Note – Fair value of Assets and Liabilities carried at Amortised Cost.

Price risk - The Authority does not generally invest in instruments with this type of risk.

Foreign exchange risk - The Authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

22. **Short Term Provisions**

	Balance at 1 April 2009	Additional Provisions Made in 2009/10	Amounts Utilised in 2009/10	Balance at 31 March 2010 £,000	Additional Provisions Made in 2010/11 £,001	Amounts Utilised in 2010/11 £,002	Balance at 31 March 2011 £,003
Fire Hydrants	77	92	77	92	78	92	78
Retained Firefighters Comparability Provision	0	100	0	100	12	100	12
	77	192	77	192	90	192	90

a. Fire Hydrants

An agreement was reached during the year in respect of a large majority of the outstanding maintenance commitments for fire hydrants. All hydrants are regularly inspected and it is anticipated that the provision will be utilised in 2011/12

b. Retained Firefighters Comparability Provision

A provision of £100k was included in the 2009/10 accounts to reflect the estimated cost associated with the outstanding retained pay comparability claim under the Part-Time Workers Regulations. Claims in this respect have now been calculated and a liability has been included in the accounts. As the payments were not paid in 2010/11 an additional £12,000 has been provided to cover the amounts due for 2010/11, which are expected to be utilised in 2011/12.

23. **Usable Reserves**

	1 April 2009 £'000	Transfers in 2009/10 £'000	Transfers out 2009/10 £'000	Balance at 31 March 2010 £'000	Transfers in 2010/11 £'000	Transfers out 2010/11 £'000	Balance at 31 March 2011 £'000
Fund Balance	1,500	-	-	1,500	-	-	1,500
Pension & Budget Pressures Reserves	2,991	459	(1,020)	2,430	289	(1,219)	1,500
Lansdown development works	37	-	-	37	8	-	45
Austerity Reserve	-	-	-	-	2,107	-	2,107
IRMP	230	450	-	680	-	(680)	0
Nova Way - Technical Services	80	-	(35)	45	-	(45)	0
Urban Search and Rescue (USAR)	78	-	(70)	8	-	(8)	0
	4,916	909	(1,125)	4,700	2,404	(1,952)	5,152

As a result of the Comprehensive Spending Review announced in October 2010, a full review of all the Authority's reserves was undertaken. As a result a number of reserves have been amalgamated into a new Austerity reserve and this is reflected in the movement of reserves.

a. Pensions & Budget Pressures Reserves

The Fire Authority's medium term financial plan identified a number of budget pressures, including those in relation to potential liabilities arising under the new fire fighters pension scheme, protective equipment replacement, communication and legal costs. It is anticipated that the majority of these will be utilised in the next two years.

b. Lansdown development works

The balance of the reserve brought forward was utilised during the year for development works with the additional income generated from the rental of training facilities at Lansdown during the year being again set aside for further required development works. This is likely to be utilised during the next two financial years.

c. Austerity Reserve

This reserve has been created to assist the Authority in achieving its medium term financial targets. It will be utilised to offset the reduction in government grant over the current CSR by smoothing out grant reductions, funding one off costs and supporting spend to save initiatives. It is anticipated that this reserve will be utilised over the next 4 years.

d. IRMP

The IRMP reserve has been transferred to the Austerity Reserve.

e. Nova Way – Technical Services Centre

This been transferred to the Austerity Reserve.

f. Urban Search and Rescue

The Urban Search and Rescue reserve has been transferred to the Austerity reserve.

24. Unusable Reserves

Balance at 1 April 2009 £'000	Balance at 31 March 2010 £'000		Balance at 31 March 2011 £'000
2,888	3,499	**Revaluation Reserve**	5,220
31,384	30,295	**Capital Adjustment Account**	29,340
(291,338)	(440,960)	**Pensions Reserve**	(408,356)
127	73	**Collection Fund Adjustment Account**	8
(985)	(757)	**Accumulated Absences Account**	(784)
1,694	1,756	**Equalisation Fund**	1,784
(256,230)	**(406,094)**	**Total Unusable Reserves**	**(372,788)**

Revaluation Reserve

2009/2010 £'000		2010/2011 £'000
2,888	**Balance at 1 April 2010 (2009)**	**3,499**
1,134	Upward revaluation of assets	2,153
4,022	**Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**5,652**
(523)	Difference between fair value depreciation and historic cost depreciation	(432)
3,499	**Balance at 31 March 2011 (2010)**	**5,220**

The revaluation reserve records the accumulated gains on the non-current assets held by the Authority arising from increases in value, as a result of inflation or other factors, to the extent that these gains have not been consumed by subsequent downward movements in value.

Where assets have been revalued the excess current value depreciation charge over the historic depreciation charge is charged to this reserve. On disposal, the revaluation reserve balance for the asset disposed of is written out to the Capital Adjustment Account. The overall balance on the reserve therefore represents the amount by which the value of non-current assets carried in the balance sheet is greater because they are carried at revalued amounts rather than depreciated historic cost.

Whilst these gains arising from revaluations increases the net worth of the Authority they would only represent an increase in spending power if the relevant assets were sold and capital receipts generated.

Capital Adjustment Account

2009/10 £'000		2010/2011 £'000
31,384	**Balance at 1 April 2010 (2009)**	**30,295**
	Reversal of Items relating to Capital Expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(3,679)	Depreciation and impairment of non-current assets	(3,688)
(130)	Amortisation of intangible assets	(181)
-	Write back of Lease re Assets Purchased	(85)
(1)	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	(21)
27,574		**26,320**
528	Adjusting amounts written out of the Revaluation Reserve	432
28,102	Net written out amount of the cost of non-current assets consumed in the year	**26,752**
	Capital Financing applied in the year	
789	Capital Grants credited to the Comprehensive Income and Expenditure Statement	975
883	Minimum revenue provision for capital financing	912
330	Voluntary revenue provision for capital financing	270
191	Capital expenditure charged in-year to the fund balance	431
30,295	**Balance at 31 March 2011 (2010)**	**29,340**

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

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.

Pensions Reserve Summary – See Note 26 for further information

2009/10 £'000		2010/2011 £'000
(291,338)	**Balance at 1 April 2010 (2009)**	**(440,960)**
(139,902)	Actuarial gains or losses on pensions assets and liabilities	4,252
(21,249)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	18,022
11,529	Employer's pensions contributions and direct payments to pensioners payable in the year	10,330
(440,960)	**Balance at 31 March 2011 (2010)**	**(408,356)**

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

This reserve relates to the two pension schemes, Fire Fighters and Local Authority and additional information is shown in note 26.

Collection Fund Adjustment Account

2009/10 £'000		2010/2011 £'000
127	**Balance at 1 April 2010 (2009)**	**73**
(14)	Bath and North East Somerset	(6)
(88)	Bristol City Council	-
24	North Somerset	(41)
24	South Gloucestershire	(18)
73	**Balance at 31 March 2011 (2010)**	**8**

The Collection Fund Adjustment account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the Authority from the billing authorities. The annual movement attributable to each of the four billing authorities is shown in the table above.

Accumulated Absences Account

2009/10 £'000		2010/2011 £'000
(985)	**Balance at 1 April 2010 (2009)**	**(757)**
985	Settlement or cancellation of accrual made at the end of the preceding year	757
(757)	Amount accrued at the end of the current year	(784)
228	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(27)
(757)	**Balance at 31 March 2011 (2010)**	**(784)**

Equalisation Fund

2009/10 £'000		2010/2011 £'000
1,694	**Balance at 1 April 2010 (2009)**	**1,756**
57	Surplus on Equalisation Fund	21
5	Interest on Equalisation Fund	7
1,756	**Balance at 31 March 2011 (2010)**	**1,784**

25. **Authorisation of Accounts for issue**

The date that the financial statements are authorised for issue by the Treasurer of the Fire Authority is 16 September 2011. Events that occur after this date will not be recognised in the Statement of Accounts.

26. Retirement Benefits

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in two pension schemes:

- <u>Local Government Pension Scheme</u>

  All staff, other than uniformed firefighters, are eligible to join the Local Government Pension Scheme (LGPS). The scheme is administered by Bath and North East Somerset Council and is called the Avon Pension Fund. The Fund provides members with benefits related to length of service and final salary. It is a 'defined benefit' scheme. The Fund's Actuary carries out a valuation of the Fund every three years in accordance with government regulations. If the valuation indicates that there are insufficient assets to meet future liabilities, employer contribution rates are increased to make up the shortfall. The latest valuation was undertaken at 31 March 2007 and assessed the overall funding level at 83%. Based upon this valuation the actuary recommended a contribution rate of 15.4% with effect from 1 April 2008.

- <u>Fire fighters scheme</u>

  Regular firefighters employed before 6 April 2006 were eligible to join the Firefighters Pension Scheme but this scheme closed to new entrants from April 2006. The contribution rates for this scheme were employer 21.3% and employee 11.0%.

  A New Firefighters Pension Scheme was introduced for regular and retained firefighters employed since 6 April 2006, which has different contribution rates payable into the scheme and benefits available to scheme members. The contribution rates for this scheme were employer 11.0% and employee 8.5%.

  The arrangements for financing fire fighters pensions which came into effect in April 2006 required the Authority to set up a new ring fenced 'Pensions Account' from which pension payments, retirement lump sums and transfers out have been made. The Pensions account is funded by employee and employer contributions, the reimbursement by the employer of charges for ill-health early retirements and transfers in to the scheme with any deficit \ surplus at the year end being met by / paid to central government. The employer contribution rate is determined by central government

Transactions Relating to Retirement Benefits

The costs of retirement benefits are recognised in the Surplus or Deficit on Provision of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge required to be met from council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Fire Fighters Scheme	
	2009/10	2010/11	2009/10	2010/11
	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement				
Costs of Services:				
Current Service Costs	445	805	5,710	9,390
Past service Costs / (Gains)	-	(1,512)	-	(45,940)
Settlements and Curtailments	-	-	-	-
Financing and Investment Income and Expenditure:				
Interest Costs	1,229	1,391	20,120	23,040
Expected Return on Assets in the Scheme	(727)	(1,064)	-	-
Net Effect on Surplus or Deficit on Provision of Services	947	(380)	25,830	(13,510)
Other Comprehensive Income and Expenditure:				
Actuarial Gains/Losses On Pension Assets/Liabilities	2,545	(814)	131,829	(7,570)
Net Effect on Total Comprehensive Income and Expenditure Statement	3,492	(1,194)	157,659	(21,080)
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the code	(3,492)	1,194	(157,659)	21,080
Actual amount charged against the Fund Balance for pensions in the year:				
Employers contributions payable to the scheme	719	755		
Retirement Benefits payable to pensioners			13,240	11,950

The cumulative amount of actuarial gains and (losses) recognised in the Comprehensive Income and Expenditure Statement to 31 March 2011 is (£180,476k).

Assets and Liabilities in relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities:

	Funded liabilities Local Government Scheme		Unfunded liabilities Fire Fighters Scheme	
	2009/2010	2010/2011	2009/2010	2010/2011
	£'000	£'000	£'000	£'000
Liabilities at beginning of year	(17,237)	(24,532)	(285,781)	(432,630)
Current Service Cost	(445)	(805)	(5,710)	(9,390)
Interest Cost	(1,229)	(1,391)	(20,120)	(23,040)
Pension Transfers In		-	(210)	(200)
Contributions by scheme participants	(300)	(320)	(2,220)	(2,180)
Actuarial gains and (losses)	(5,910)	127	(131,829)	7,570
Benefits Paid	589	513	13,240	11,950
Past service (costs) / Gains	-	1,512	-	45,940
Liabilities at end of year	(24,532)	(24,896)	(432,630)	(401,980)

Reconciliation of fair value of the scheme assets:

	Local Government Scheme	
	2009/2010	2010/2011
	£'000	£'000
Assets at beginning of year	11,680	16,202
Expected rate of return	727	1,064
Actuarial gains and losses	3,365	687
Employer contributions	719	755
Contributions by scheme participants	300	320
Benefits paid	(589)	(513)
Assets at end of year	16,202	18,515

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £(1,249)k (2009/10: £(4,092)k)).

Scheme History

	2006/07 As restated £'000s	2007/08 As restated £'000s	2008/09 £'000s	2009/10 £'000s	2010/11 £'000s
Present value of liabilities					
Local Government Scheme	(17,461)	(19,943)	(17,237)	(24,532)	(24,896)
Fire Fighters Scheme	(274,233)	(328,335)	(285,781)	(432,630)	(401,980)
Fair value of assets in the Local Government Scheme	13,303	13,755	11,680	16,202	18,515
Surplus/(deficit) in the scheme:					
Local Government Scheme	(4,158)	(6,188)	(5,557)	(8,330)	(6,381)
Fire Fighters Scheme	(274,233)	(328,335)	(285,781)	(432,630)	(401,980)
Total	(278,391)	(334,523)	(291,338)	(440,960)	(408,361)

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £408m has a substantial impact on the net worth of the Authority as recorded in the balance sheet, resulting in a negative overall balance of £368 m.

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

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary

- the deficit on the fire fighters scheme will be made good by annual contributions by central government to the ring fenced "Pensions Account" together with revised future employer contributions as determined by central government.

The total contributions expected to be made by the Authority in the year to 31 March 2011 for the Local Government Pension Scheme is £757k.

Non- Distributed Cost - Change in Indices

In his budget statement of June 22 2010 the Chancellor of the Exchequer announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Price Index (CPI) rather than the Retail Price Index (RPI).

This has the effect of reducing the Avon Fire Authority's liabilities by £47,452k and has been recognised as a past service gain in accordance with guidance set down in UITF Abstract 48, since the change is considered to be a change in benefit entitlement.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Scheme liabilities have been assessed by William M. Mercer the independent actuary to the Avon Pension Fund, which manages the Local Government Scheme on behalf of the Authority. The Firefighter Scheme liabilities have been assessed by the Government Actuary's Department (GAD). The estimates for the Local Government Scheme are based on the latest full valuation as at 31 March 2007 updated for the following years.

The main assumptions used by the actuary have been:

	Local Government Scheme			Fire Fighters Scheme	
	2009/2010	2010/2011		2009/2010	2010/2011
Long-term expected rate of return on assets in the scheme:					
Equity investments	7.5%	7.5%		-	-
Government Bonds	4.5%	4.4%		-	-
Other Bonds	5.2%	5.1%		-	-
Property	6.5%	6.5%		-	-
Cash / Liquidity	0.5%	0.5%		-	-
Other	7.5%	7.5%		-	-
Mortality assumptions:					
Longevity at 65 for current					
Men	21.2	22.7		23.3	23.4
Women	24.1	25.6		25.0	25.3
Longevity at 65 for future					
Men	22.2	25.0		26.2	26.3
Women	25.0	28.0		28.0	28.0
Rate of inflation CPI	2.8%	2.9%			3.0%
Rate of inflation RPI	3.3%	3.4%		3.9%	3.8%
Rate of increase in salaries	4.55%	4.4%	*	5.4%	5.3%
Rate of increase in pensions	3.3%	2.9%		-	-
Rate of discounting scheme liabilities	5.6%	5.5%		5.8%	5.7%
Take-up of option to convert annual pension into retirement lump sum	50%	50%		-	-

* Allowance has been made for short-term public sector pay restraints as announced by Government

The actuary has not carried out any specific investigations in relation to whether the average age of the membership has increased, but does not believe that there have been substantial changes since the 2007 valuation. For any employers who are not admitting new entrants to the Fund, the average age can be expected to increase gradually over time.

The Fire Fighters Scheme has no assets to cover its liabilities, The Local Government Scheme's assets consist of the following categories, by proportion of the total assets held:

Local Government Scheme	31 March 2010	31 March 2011
	%	%
Equity Investments	65.0%	62.6%
Government Bonds	10.3%	13.0%
Other Bonds	9.6%	7.9%
Property	3.3%	6.0%
Cash/Liquidity	2.7%	2.1%
Other assets	9.1%	8.4%
	100.0%	100.0%

History of experience gains and loses

The experience adjustments arising on scheme assets and liabilities expressed as a percentage of the asset or liability at the year-end are as follows:

Local Government Scheme	2006/07 As restated	2007/08 As restated	2008/09	2009/10	2010/11
	%	%	%	%	%
Experience gains and (losses) on assets	(0.3)%	(3.6)%	(29.3)%	(20.8)%	3.7%
Experience gains and (losses) on liabilities	0.0%	(1.4)%	(1.3)%	0.0%	(1.5)%

Fire Fighters Scheme	2006/07 As restated	2007/08 As restated	2008/09	2009/10	2010/11
	%	%	%	%	%
Experience gains and (losses) on liabilities	0.0%	(5.6)%	0.0%	50.0%	0.0%

27. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2010/11:

2009/2010 £'000		2010/2011 £'000
	Credited to Taxation and Non Specific Grant Income	
736	General Capital Grant	941
34	Equality & Diversity Recruitment	34
19	Community Fire Safety Grant	-
789	Total Capital Grant	975
21,317	Precepts	22,142
4,642	General Government Grants	3,155
20,112	Non-domestic Rates Distribution	21,724
5,528	Gain re Gov Grant payable to the Pension Fund	4,132
52,388	**Total**	**52,128**
	Credited to Services	
958	New Dimension / USAR	977
958	**Total**	**977**

None of the grants received by the Authority in 2009/10 or 2010/11 have conditions attached to them and therefore they are recognised as income in their year of receipt.

28. Financing and Investment Income and Expenditure

2009/2010 £'000		2010/2011 £'000
1,086	Interest Payable and Similar Charges	1,055
20,709	Pension Interest Costs and Expected Return on Pension Assets	23,367
(34)	Interest Receivable and Similar Income	(25)
(7)	Other Investment Income	(7)
21,754	Total	**24,390**

29. Other Operating Expenditure

2009/2010 £'000		2010/2011 £'000
1	Loss on Disposal of Non-Current Assets	21
-	Write back of Finance Lease Liability for Leased Assets Purchased	85
1	Total	**106**

30. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by function on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, budget reports to the board are analysed across CIPFA detail analysis. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

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

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

The income and expenditure for the Authority recorded in the budget reports for the year is as follows:

Income and Expenditure 2010/11	Fire £'000
Fees, charges & other service income	(467)
Government Grants	(1,512)
Total Income	**(1,979)**
Employee expenses	38,104
Other Service expenses	10,509
Total Expenditure	**48,613**
Net Expenditure	**46,634**

Income and Expenditure 2009/10	Fire £'000
Fees, charges & other service income	(446)
Government Grants	(1,212)
Total Income	**(1,658)**
Employee expenses	37,956
Other Service expenses	10,043
Total Expenditure	**47,999**
Net Expenditure	**46,341**

Reconciliation of Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of Income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure:

	2009/10 **£'000**	2010/11 **£'000**
Net expenditure in the Analysis	46,341	46,634
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	(1,932)	(43,614)
Amounts included in the Analysis not included in the Cost of Services	(2,450)	(2,741)
Cost of Services in Comprehensive Income and Expenditure	**41,959**	**279**

31. Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2010/11	Analysis £,000	Amounts not reported to mgt for decision making £,000	Amounts not included in Cost of Services £,000	Cost of Services £,000	Corporate Amounts £,000	Total £,000
Fees, charges & other service income	(442)	(21)		(463)		**(463)**
Interest and Investment Income	(25)	(7)	32	0	(32)	**(32)**
Income from Council Tax				0	(22,142)	**(22,142)**
Government Grants and Contributions	(1,512)			(1,512)	(29,986)	**(31,498)**
Total Income	**(1,979)**	**(28)**	**32**	**(1,975)**	**(52,160)**	**(54,135)**
Employee expenses	38,104	(108)		37,996		**37,996**
Other Service expenses	10,509		(2,667)	7,842	1,055	**8,897**
Depreciation, amortisation and impairment		3,868		3,868		**3,868**
Pensions - Change in indices		(47,452)		(47,452)		**(47,452)**
Interest Payments				0	23,367	**23,367**
Gain or Loss on Disposal of Fixed Assets		106	(106)	0	106	**106**
Total Expenditure	**48,613**	**(43,586)**	**(2,773)**	**2,254**	**24,528**	**26,782**
(Surplus) or deficit on the provision of services	**46,634**	**(43,614)**	**(2,741)**	**279**	**(27,632)**	**(27,353)**

2009/10	Analysis £,000	Amounts not reported to mgt for decision making £,000	Amounts not included in Cost of Services £,000	Cost of Service £,000	Corporate Amounts £,000	Total £,000
Fees, charges & other service income	(410)	(57)		**(467)**		**(467)**
Interest and Investment Income	(36)	(5)	41	**0**	(41)	**(41)**
Income from Council Tax				**0**	(21,317)	**(21,317)**
Government Grants and Contributions	(1,212)			**(1,212)**	(31,071)	**(32,283)**
Total Income	**(1,658)**	**(62)**	**41**	**(1,679)**	**(52,429)**	**(54,108)**
Employee expenses	37,956	(5,780)		**32,176**		**32,176**
Other Service expenses	10,043	92	(2,490)	**7,645**	1,086	**8,731**
Depreciation, amortisation and impairment		3,817		**3,817**		**3,817**
Interest Payments				**0**	20,709	**20,709**
Gain or Loss on Disposal of Fixed Assets		1	(1)	**0**	1	**1**
Total Expenditure	**47,999**	**(1,870)**	**(2,491)**	**43,638**	**21,796**	**65,434**
(Surplus) or deficit on the provision of services	**46,341**	**(1,932)**	**(2,450)**	**41,959**	**(30,633)**	**11,326**

32. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2009/2010 £'000		2010/2011 £'000
(41)	Interest Received	(32)
1,133	Interest Paid	1,089

33. Cash Flow Statement – Investing Activities

2009/2010 £'000		2010/2011 £'000
2,396	Purchase of property, plant and equipment	2,716
(789)	Capital Grants	(975)
-	Proceeds from Sale of Equipment	(6)
1,607	Net cash flows from investing activities	1,735

34. Cash Flow Statement – Financing Activities

2009/2010 £'000		2010/2011 £'000
416	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	442
580	Repayments of long-term borrowing	707
996	Net cash flows from investing activities	1,149

35. Material Differences between amounts presented under the SORP and the Code

These statements for 2010/11 are the first to be completed under International Financial Reporting Standards (IFRS), as such a number of the figures within the 2009/10 comparators have been restated to conform with the Code.

The major changes for the Authority relate to the following items:

a. Redefinition of Operating Leases for some Plant and Equipment as Finance Leases: The Authority considered the lease arrangements held and has determined that all leases should be categorised as Finance leases and as such the assets come onto the balance sheet and are treated as assets owned by the Authority.

b. Treatment of Grants: Under the SORP capital grants were only recognised as income over the life of the asset by matching their depreciation charge, whereas under the code the grant is recognised as income in the year that it is received.

c. Short-term Accumulated Absences: Under the Code the Authority is required to accrue for any outstanding leave and other entitlements that employees are entitled to during the year that these accrue. Under the Statement of Recommended Practice (SORP) no such accrual was required. The amounts accrued are transferred to the Accumulated Absences Account.

d. Active Members Injury Awards: Under IAS 19 of the code the Government Actuary Department have calculated a liability for Injury Awards for active members. This has resulted in an increase in the Pensions Liability and a corresponding increase in the Pensions Reserve.

The effect of these changes on the main statements are summarised in the following tables.

Statement Affected	Description	1st April 2009					
		UK GAAP	a	b	c	d	IFRS Restated Figures
		£'000	£'000	£'000	£'000		£'000
Balance Sheet	Non-Current Assets	54,198	2,947	-	-	-	57,145
	Current assets	6,672	-	-	-	-	6,672
	Current Liabilities	(5,028)	(353)	-	(985)	-	(6,366)
	Deferred Liabiity	(3,938)	(1,063)	-	-	-	(5,001)
	Government Grants Deferred	(800)	-	800	-	-	0
	Other Long-term Liabilities	(12,427)	-	-	-	-	(12,427)
	Net Pensions Liability	(280,638)	-	-	-	(10,700)	(291,338)
	Revaluation Reserve	(1,733)	(1,155)	-	-	-	(2,888)
	Capital Adjustment Account	(30,207)	(376)	(800)	-	-	(31,383)
	Coll Fund Adj Account	(127)	-	-	-	-	(127)
	Pension Reserve	280,638	-	-	-	10,700	291,338
	Equalisation Fund	(1,694)	-	-	-	-	(1,694)
	Accumulated Absences Account	-	-	-	985	-	985
	Usable Reserves	(4,916)	-	-	-	-	(4,916)
		0	0	0	0	0	0

Statement Affected	Description	31-Mar-2010					
		UK GAAP	a	b	c	d	IFRS Restated Figures
		£'000	£'000	£'000	£'000		£'000
Balance Sheet	Non-Current Assets	54,301	2,781	-	-	-	57,082
	Current assets	4,724	-	-	-	-	4,724
	Current Liabilities	(4,903)	(356)	-	(757)	-	(6,016)
	Deferred Liabiity	(3,768)	(801)	-	-	-	(4,569)
	Government Grants Deferred	(1,273)	-	1,273	-	-	0
	Other Long-term Liabilities	(11,655)	-	-	-	-	(11,655)
	Net Pensions Liability	(420,981)	-	-	-	(19,979)	(440,960)
	Revaluation Reserve	(2,307)	(1,192)	-	-	-	(3,499)
	Capital Adjustment Account	(28,590)	(432)	(1,273)	-	-	(30,295)
	Coll Fund Adj Account	(73)	-	-	-	-	(73)
	Pension Reserve	420,981	-	-	-	19,979	440,960
	Equalisation Fund	(1,756)	-	-	-	-	(1,756)
	Accumulated Absences Account	-	-	-	757	-	757
	Usable Reserves	(4,700)	-	-	-	-	(4,700)
		0	0	0	0	0	0

Statement Affected	Description	UK GAAP	a	b	c	d	IFRS
				2009/2010			
		£'000	£'000	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Account	Community Fire Safety	7,170	8	30	(21)	60	7,247
	Fire Fighting and Rescue Operations	32,869	66	285	(200)	556	33,576
	Fire Service Emergency Planning and Civil Defence	253	4		(2)	5	260
	Corporate and Democratic Core	859	9		(4)	12	876
	Non-Distributed Cost	180				(180)	0
	Other Operating Expenditure	1	-	-	-	-	1
	Financing and Investment Income	20,816	61	-	-	877	21,754
	Taxation and Non-Specific Grant Income	(51,599)	-	(789)	-	-	(52,388)
	Surplus on Revaluation of Assets	(908)	(240)	-	-	-	(1,148)
	Actuarial Gains/Losses on Pension Assets / Liabilities	131,953	-	-	-	7,949	139,902
		141,594	(92)	(474)	(227)	9,279	150,080

36. Contingent Liabilities

At the balance sheet date the Authority has identified one contingent liability relating to a long-term property lease. This primarily relates to costs associated with property dilapidations, contamination and future rent payments. The issue is currently being referred to legal opinion. The financial effect of this contingent liability is not disclosed as it is not currently practicable to do so.

37. Post Balance Sheet Events

There are no known post balance sheet events at the date of authorisation.

Fire Fighters Pension Fund Account

Under the new arrangements for financing fire fighters pensions which came into effect from April 2006 the Authority was required to set up a new ring fenced 'Pensions Account'. There are no material changes to the Pension Fund as a result of IFRS transition.

Details of the transactions on this account during the year are as follows:

2009/2010 £'000		2010/2011 £'000	2010/2011 £'000
	Contributions receivable:		
	Fire Authority		
(4,150)	- contributions in relation to pensionable pay	(4,079)	
(37)	- early retirements	(19)	
(2,214)	Firefighters contributions	(2,191)	
(6,401)	**Total**		**(6,289)**
(211)	**Transfers in from other authorities**		**(203)**
	Benefits payable:		
8,640	Pensions	8,856	
3,182	Commutations and lump sum retirement benefits	1,768	
88	Other	-	
11,910			**10,624**
	Payments to and on account of leavers:		
230	Transfers out to other authorities		**-**
5,528	**Net amount payable for the year**		**4,132**
(5,528)	Top-up grant payable by the Government		(4,132)
0			**0**

Net assets statement

The assets and liabilities of the pensions account as at 31 March 2011 are as follows:

01/04/2009 £'000	31/03/2010 £'000		31/03/2011 £'000
		Current assets	
2,558	1,216	Top-up grant receivable from the Government	-
-		Cash and Bank	1,078
2,558	**1,216**		**1,078**
		Current liabilities	
(2,138)	(1,216)	Cash and Bank	-
0	0	Top-up grant repayable to the Government	(899)
(420)	0	Creditor	(179)
(2,558)	**(1,216)**		**(1,078)**
0	**0**	**Net assets**	**0**

Notes to the Fire Fighters Pension Fund Account

1. Operation of the Fund

The Fire Fighters Pension Fund Account was established under the Firefighters' Pension Scheme (Amendment) (England) Order 2006 and the Fire Authority is responsible for its administration.

The Scheme is available to all firefighters whether whole-time or part-time and whether regular, retained or volunteer, who satisfy one of the eligibility conditions set out in Part 2 of the Order.

The Firefighters' Pension scheme is an unfunded scheme and there are no investment assets. Benefits payable are funded by employer and employee contributions with the difference being met by top-up grant receivable from or payable to Central Government. The fund is balanced to nil each year by the inclusion of a Central Government debtor or creditor in respect of the amount of top-up grant due to or payable from Central Government for the year.

2. Contributions

Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Department of Communities and Local Government and are subject to triennial revaluation by the Government Actuary's Department.

The contribution rates set were:

2009/2010		2010/2011
	Fire fighters pension scheme:	
	1992 Scheme	
21.3%	Employer	26.7%
11.0%	Employee	11.0%
32.3%	**Total**	37.7%
	2006 Scheme	
11.0%	Employer	15.2%
8.5%	Employee	8.5%
19.5%	**Total**	23.7%

In addition the employer is required to reimburse charges for any ill-health early retirements.

3. Benefits payable from the fund

Pension benefits are payable from the fund in accordance with the relevant statutory provisions and include ordinary and ill health awards.

4. Accounting Policies

As an unfunded scheme there are no investment assets and the Net Assets Statement does not include liabilities to pay pensions and other benefits after the Balance Sheet date. In all other respects the accounting policies followed are the same as set out in the Statement of Accounting Policies on pages 20–31. Details of the pension liability of the firefighters scheme, calculated in accordance with IAS 19, and included in the Core Financial Statements are set out in note 26 to the Core Financial Statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVON FIRE AUTHORITY

Opinion on the Authority and Pension Fund accounting statements

I have audited the accounting statements and the firefighters' pension fund accounting statements of Avon Fire Authority for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes. The firefighters' pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Avon Fire 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.

Respective responsibilities of the Treasurer and auditor

As explained more fully in the Statement of the Treasurer's Responsibilities, the Treasurer is responsible for the preparation of the Authority's Statement of Accounts, including the firefighters' pension fund accounting statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me 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 accounting statements sufficient to give reasonable assurance that the accounting 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 and Pension Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority and the Pension Fund; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of Avon Fire Authority's affairs as at 31 March 2011 and of its income and expenditure for the year then ended;
- give a true and fair view of the financial transactions of the firefighters' pension fund during the year ended 31 March 2011 and the amount and disposition of the fund's assets and liabilities as at 31 March 2011, other than liabilities to pay pensions and other benefits after the end of the scheme year; and

- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

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

Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

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

Authority's responsibilities

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

Auditor's responsibilities

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself 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 me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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

Basis of conclusion

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, 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 me to consider under the Code of Audit Practice in satisfying myself 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 2011.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I 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 my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am satisfied that, in all significant respects, Avon Fire Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

Certificate

I certify that I have completed the audit of the accounts, including the firefighters' pension fund accounting statements, of Avon Fire Authority in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Peter Barber

Peter Barber
Officer of the Audit Commission

Westward House
Lime Kiln Close
Stoke Gifford
Bristol
BS34 8SR

27 September 2011

Avon Fire & Rescue CO_2 Emissions Report 20010/11

1. Introduction

Avon Fire Authority made a Climate Change Declaration in 2009 which commits us to tackling the causes and effects of climate change. This includes publishing details of our own carbon dioxide (CO_2) emissions and reporting on our progress to cut these emissions.

This report provides information on our CO^2 emissions from our baseline year of 2008 up to the year ending 31st March 2011.

The preparation of this report has been consistent with the Avon Fire and Rescue Service Carbon Management Plan (CMP) which includes details of the scope of emissions included in our baseline, and the assumptions and data sources used to calculate our CO_2 emissions.

Our Carbon Management Plan sets an overall target to reduce CO_2 emissions by 30% from our 2008/9 baseline by the year ending 31st March 2014.

2. Carbon Management - Approach

The vast majority of our emissions are associated with our property energy consumption and the operation of our fleet, both of which are detailed in this report. In addition to this, we have also considered emissions associated with metered water supplies, use of fuel for training and use of natural resources such as paper and wood. These additional sources currently account for less than 1% of our emissions and have been excluded from our reporting.

We will continue to review the scope of our CO_2 reporting and will consider extending this in future to include:

- Employee commuting
- Operational and training use of water
- Procurement (goods and services)
- Waste and Recycling

Reducing our carbon footprint

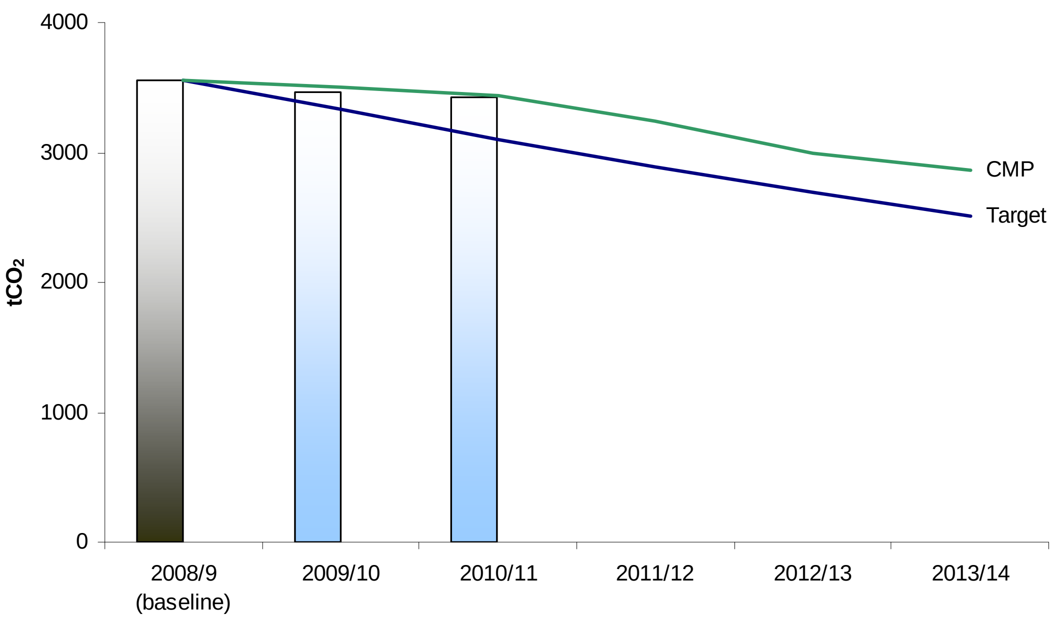
3. Carbon Management – Performance

Overall our emissions have decreased by 4% from our baseline. This is a further 1% reduction from last year.

Carbon Statement 20010/11

Carbon Dioxide Emissions	Baseline 2008/9 tCO2	2009/10 tCO2	20010/11 tCO2
Avon Fire & Rescue Property			
Whole Time Fire Stations	1049	1091	**1076**
Retained Fire Stations	142	162	**152**
Headquarters (includes Temple Fire Station)	989	787	**830**
Lansdown Service Control and South West Command Development Centre	265	264	**251**
Nova Way Fleet, Transport Workshops and Stores	91	165	**159**
Sub total	2536	2469	**2468**
Avon Fire & Rescue Fleet and Transport			
Operational Fleet	634	642	**643**
Ancillary Fleet (including cars, vans and support function vehicles)	171	170	**156**
Business Travel (including lease cars, and staff related travel)	221	177	**161**
Sub total	1026	989	**960**
Total emissions	3562	3458	**3428**
Reduction on baseline		3%	**4%**

Total emissions against target and CMP



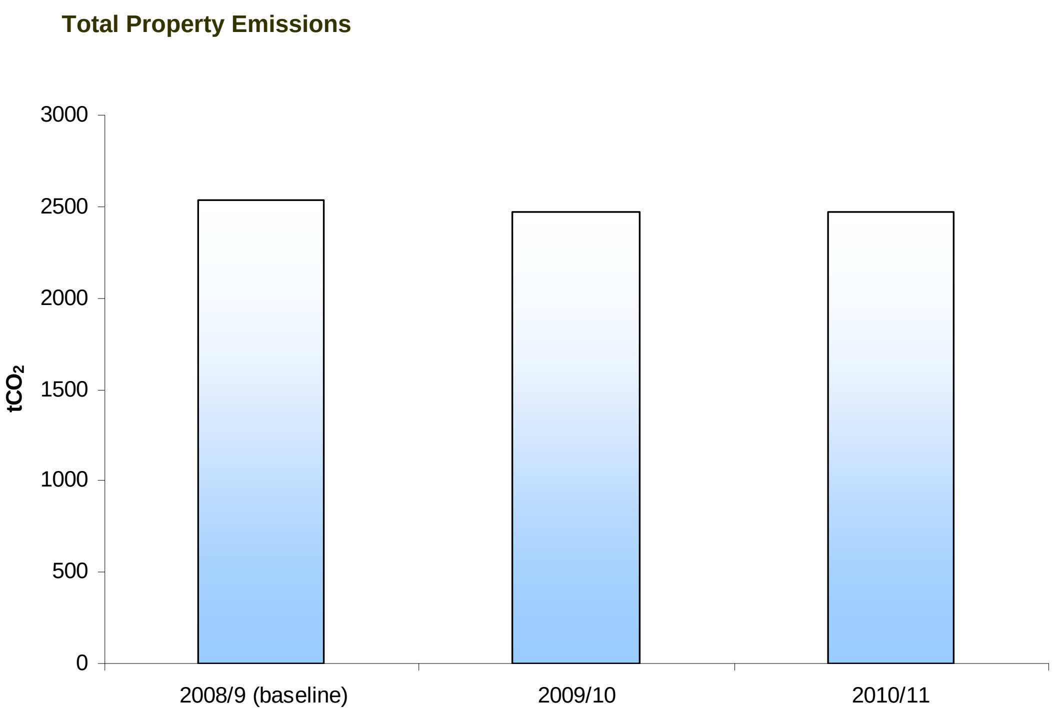
The graph above shows our performance over the last two years compared to our baseline, a linear projection of our 30% reduction target (blue line), and the reduction in emissions we expect to achieve by implementing our Carbon Management Plan. We are currently on track with the delivery of our Carbon Management Plan (CMP)

The CMP currently accounts for 88% of our reduction target. The remaining 12% (equivalent to approximately 130 tCO_2) will be the focus of additional projects and initiatives identified and launched over the next three years.

Property Emissions
We achieved a reduction in emissions across all property categories with the exception of our Headquarters Temple site. Whilst electricity use at this site dropped by over 5%, our use of heating oil rose significantly, by 20% on the previous year.

We experienced a very cold winter in the UK, with December 2010 being the coldest for over 100 years. This has had a disproportionate impact on some of our sites which have older heating systems, including the Headquarters Temple site.

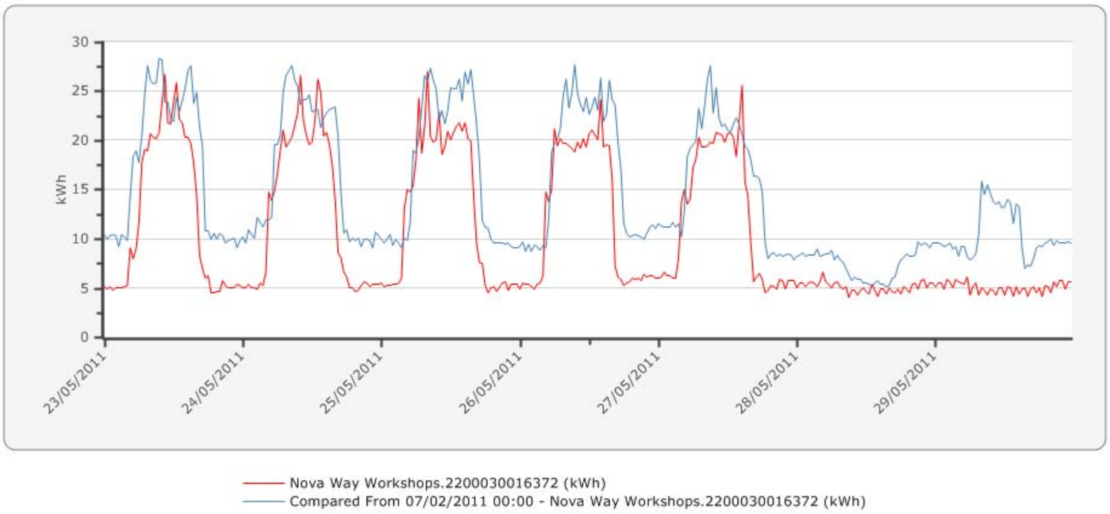
Our continued investment in property which has included insulation works, replacement heating systems, and lighting upgrades has delivered some significant improvements in energy efficiency, with half of our properties achieving a 5% or greater energy consumption reduction on the previous year.



This year we have also completed the installation of Smart Meters for utilities at all applicable sites. This has provided much better consumption data which has enabled us to identify further opportunities for energy saving and monitor the impact of our efforts.

Our Technical Services Centre at Nova Way was identified as a high electricity user, and the Smart Meter data used to identify opportunities to reduce overnight consumption (including external lighting, equipment controls and auto shut off). This is anticipated to reduce emissions for the site by a further 10% over the current financial year.

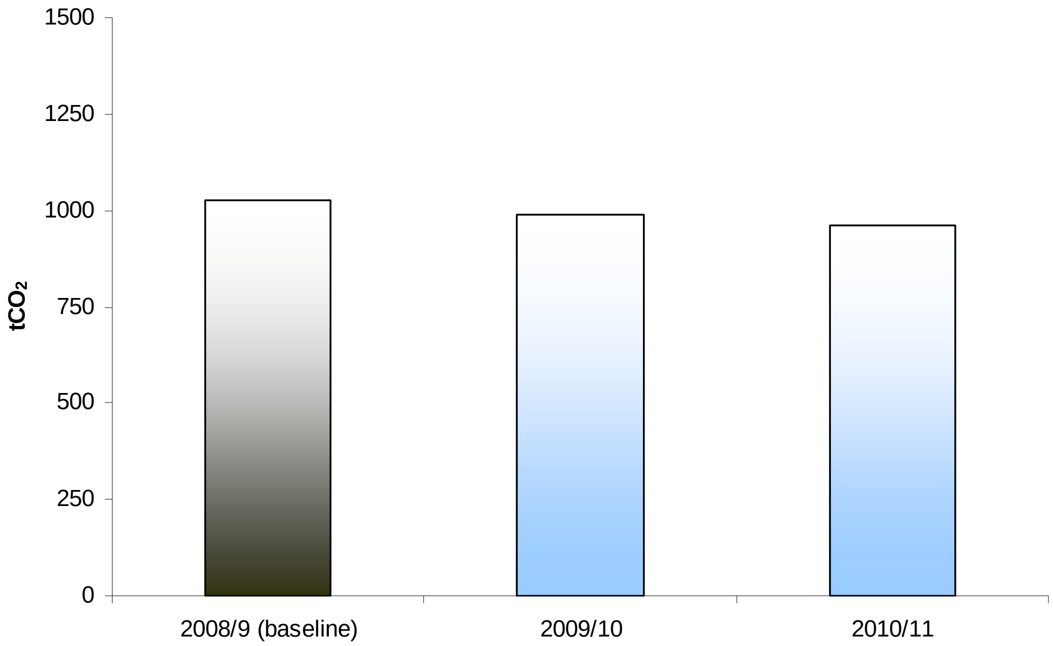
Technical Services (Nova Way) Energy Reduction



Fleet Emissions

Operational fleet emissions remain largely unchanged; however a reduction in business travel has been achieved, both within our own ancillary fleet cars, lease and private grey fleet. This has contributed to a reduction in fleet emissions of 3% on the previous year.

Total Transport Emissions



A new pool car system has recently been introduced at our Head Quarters Site, and the number of ancillary fleet assets reduced. Alternative business travel options are now being encouraged to reduce travel and a full review of business travel is now underway.

Further fleet and travel projects within our CMP are being implemented in order to:

- Eliminate or reduce the need to travel (especially non-urgent business travel)
- Reduce the impact of travel (through improved fuel efficiency and low carbon alternatives).

4. Carbon Management Priorities 2011_12

During the Financial Year 2011_12 we are continuing to invest in our property and complete a number of energy efficiency projects including:

- Boiler and heating system upgrade including a switch to gas rather than heating oil where possible
- Installation of intelligent boiler controls
- Lighting and control upgrades

A further review of the heating system at our Head Quarters / Temple site will be undertaken to identify a range of options including replacement, alternative fuels, zoning and provision of hot water for the Fire Station.

We will continue to communicate and engage with staff using more of the smart meter data we now have, to identify excessive consumption, compare similar sites and encourage more energy efficient behaviour by our employees.

A number of our sites can benefit from renewable energy, most notably Solar Photovoltaic (electricity generation) and Solar Thermal (Heat Generation). Subject to capital funding availability, we will produce the business case for the most appropriate sites, to benefit from the income available from the Feed In Tariff and Renewable Heat Incentive.

We will continue to progress the fleet and travel projects identified in our CMP, in particular in relation to Business Travel alternatives.

Scorecard 2010-11: YTD March 2011

Code	Measure	Annual Target 2010/11		YTD 2009/10	YTD Target	Amber Target	YTD Actual	Progress	% change compared to last year	Benchmarking Data (April - Dec 2010) Average	Benchmarking Data (April - Dec 2010) Avon Actual
Fires											
LPI142iii*	No. of calls to accidental fires in dwellings attended	-5%	640	674	640	657	**589**	↔	-13%	9.2	**10.3**
LPI206i*	No. of deliberate primary fires (excluding deliberate primary fires in vehicles)	-15%	317	373	317	345	**315**	↔	-16%	2.6	**2.3**
LPI206 Veh*	No. of deliberate fires in vehicles	-15%	613	619	613	616	**487**	↔	-21%	2.6	**3.4**
LPI206iii*	No. of deliberate secondary fires (excl. deliberate secondary fires in vehicles)	-15%	1452	1708	1452	1580	**1498**	↔	-12%	20.8	**11.6**
LPI207*	No. of fires in non-domestic premises	-5%	290	305	290	298	**279**	↑	-9%	6.4	**7.0**
LPI NFF	% of accidental fires in dwellings where no firefighting action	Monitor only - last year 38%					35.4%	↔	n/a	n/a	**n/a**
Alarms											
LPI FAMs*	Total No. of malicious false alarms	-10%	324	362	324	342	**333**	↓	-8%	0.5	**0.20**
LPI FAMs %	% of calls to malicious false alarms not attended	tbc				tbc	22%	↑	n/a	**n/a**	**n/a**
LPI 149i*	No. alarms caused by automatic fire detection attended (Non Domestic Properties)	-20%	1937	2421	1937	2179	**2421**	↔	0%	54.9	**59.9**
LPI 209iii*	% of fires attended in dwellings where no smoke alarm was fitted	32.2%				35%	**32.7%**	↔	n/a	30.5%	**33.8%**
Deaths, Injuries & Escapes											
NI 49ii*	No. of deaths arising from primary fires	9		4			12	n/a	n/a	0.50	**0.6**
NI 49iii*	No. of injuries arising from primary fires	67		67	67	67	**59**	↑	-12%	6.10	**4.3**
LPI 143i	No. of deaths in accidental dwelling fires	Monitor only - last year 6, YTD 6					7	n/a	n/a	n/a	**n/a**
LPI 143ii	No. of injuries in accidental dwelling fires	Monitor only - last year 41, YTD 41					40	n/a	n/a	n/a	**n/a**
Monitor	% of people in ADFs escaping unharmed without FRA assistance at the fire	Monitor only - last year 93.7%					90.8%	n/a	n/a	n/a	**n/a**
Response											
LPI R1	FDR1 (excl. vehicles) Risk Category 1: - 2 appliances** + 9 FF's within 8 mins.	85%				80%	**86% (567/659)**	↔			
LPI R2	FDR1 (excl. vehicles) Risk Category 2: - 2 appliances** + 9 FF's within 10 mins.	90%				85%	**97% (77/79)**	↔			
LPI R3	FDR1 (excl. vehicles) Risk Category 3: - 2 appliances** + 9 FF's within 20 mins.	95%				90%	**96% (130/135)**	↔			
LPI R4	FDR1 Special PDA (excl. vehicles) Risk Cat. 1: - 3 apps.** + 13 FF's within 13 mins.	95%				90%	**92% (111/121)**	↔			
LPI R5	FDR1 Special PDA (excl. vehicles) Risk Cat. 2: - 3 apps.** + 13 FF's within 15 mins.	95%				90%	**100% (3/3)**	↔	n/a	n/a	n/a
LPI R6	FDR1 Special PDA (excl. vehicles) Risk Cat. 3: - 3 apps.** + 13 FF's within 20 mins.	95%				90%	**95% (21/22)**	↓			
LPI R7	FDR1 Vehicle & FDR3: - 1 app. or officer within 15 mins.	95%				90%	**97% (2557/2623)**	↔			
LPI R8	Special Service Calls: - 1 app. or officer within 15 mins.	95%				90%	**97% (2524/2601)**	↔			
LPI R9	Calls for assistance to Service Control answered within seven seconds	94%				89%	**98%**	↔			

Appendix 2

Scorecard 2010-11: YTD March 2011

	Measure	Annual Target 2010/11		YTD 2009/10	YTD Target	Amber Target	YTD Actual	Progress	% change compared to last year	Benchmarking Data (April - Dec 2010) Average	Benchmarking Data (April - Dec 2010) Avon Actual
Community Fire Safety Activity											
Monitor	No. of school visits conducted by station personnel	Monitor Only					520	n/a	n/a	n/a	n/a
Monitor	No. of off-station community events attended to deliver fire safety message	Monitor Only					768				
Monitor	No. of on-station community events	Monitor Only					667				
Monitor	No. of groups visiting Community Safety Centres	Monitor Only					3731			Total HFSVs	
LPI CFS1	No. of HFSVs completed by Operational crews	14128			14128	12715	13365	↓		n/a	n/a
LPI CFS1	No. of HFSVs completed by Fitters	2300			2300	2070	3389	↓		% dwellings visited	
LPI CFS1	No. of HFSVs completed by Other Agencies	238			238	214	348	n/a		n/a	n/a
Resources and Value for Money											
LPI 8	% of undisputed invoices which were paid in 30 days	95.0%				93.0%	95.1%	↔	n/a	not available	
LPI IT1	% on inscope calls to IT helpdesk resolved within 1 day	95.0%				93.0%	97.0%	↔	n/a	n/a	n/a
Resources and Value for Money - quarterly											
LPI ET1	% of waste recycled	60%			60%	55%			n/a	n/a	n/a
LPI ET2	Energy consumption in kWh (electricity, gas and heating oil)	-5%	7,180,135		0	0					
NI185/LPI ET3	Carbon emissions	-10%	3569		0	0					
LPI ET4	Water consumption (metered supply only)	-5%	13954		0	0					
Health and Safety - quarterly											
LPI HS1	Work related injuries	-5%	106	136	106	112	95	↔	n/a	n/a	n/a
LPI HS2	Work related illness	-5%	12	2	12	13	3	↔			
LPI HS3	Manual handling injuries	-7.5%	32	36	32	35	17	↔			
LPI HS4	Work related driving incidents	-10%	65	134	65	68	131	↑			
People - Reported Monthly											
LPI 12i	Working days/shifts lost to sickness wholetime uniformed staff	7.50			7.48	7.85	6.11	↑	n/a	4.43	4.70
LPI 12ii	Working days/shifts lost to sickness all staff	7.50			7.50	7.88	7.02	↑		4.86	5.49
LPI HR4	% of RTW interviews completed within 15 days	90%				80%	96%	↔		n/a	
People - Reported Quarterly											
LPI 16ai	No. of wholetime and retained duty system employees with a disability	9 or more people					10	↔	n/a	n/a	n/a
LPI 16aii	No. of control and non-uniformed employees with a disability	4 or more people					7	↔			
LPI HR2	Recruitment of BME staff - to reflect local working population by 2013	8%					8.3%	↔			
LPI HR3	Recruitment of Female operational staff - 15% of recruits to be female	15.5%					16.7%	↔			
People - Equality and diversity											
LPI E&D1	Fire and Rescue Service Equality Framework	Achieving					Achieving	↑	n/a	n/a	
LPI E&D2	The duty to promote equality	Monitor						n/a	n/a		

* indicative only as one IRS record is incomplete
** includes both pumping and aerial appliances
*** compares an average for last three years against an average for proceeding three years. Data reported by each UA has been amalgamated

Annual Target 09/10 = target set this year in % and/or number **YTD Target** = target figure for this year up to end of reporting month
Benchmarking data compares AF&RS's performance against 20 other FRSs with whom we share data
YTD Actual = actual progress to end of reporting month, formatted green if meeting YTD target, red if not
Progress Column (Compared to Last Month): Green Arrow = Getting Better, Red Arrow = Getting Worse, Yellow Arrow = No Change